



Pearl Meyer

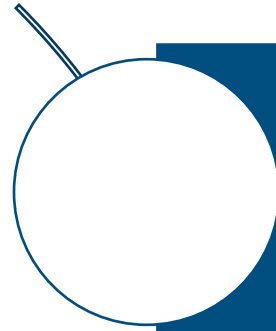


Creating a Winning “Talent” Brand

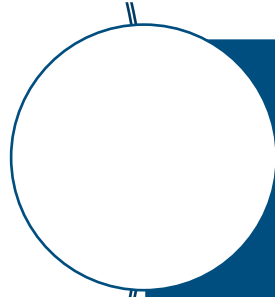
New York Bankers Association Financial Services Forum
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Kathy Baron, Vice President
Loreen Lagatta, Principal

Three Keys to Create a Winning Talent Brand



Leverage Culture: understand how culture influences your employment brand



Actively Manage Talent Pipelines: develop a framework to identify and cultivate the industry skills necessary to be competitive, nimble and thrive in the fast-changing banking environment



Develop Compensation Strategies: explore trends and compensation strategies that can attract and retain executives & leaders as well as staff

The Questions Will Ponder Today.....

- How do you create a unique value proposition that will make you the employer of choice?
- How do you win in the war for talent? How do you differentiate your organization in a market where competitors are throwing money at the problem?
- How do you replace the Great Resignation with the Great Retention?



Who's in the Room?

Are you....

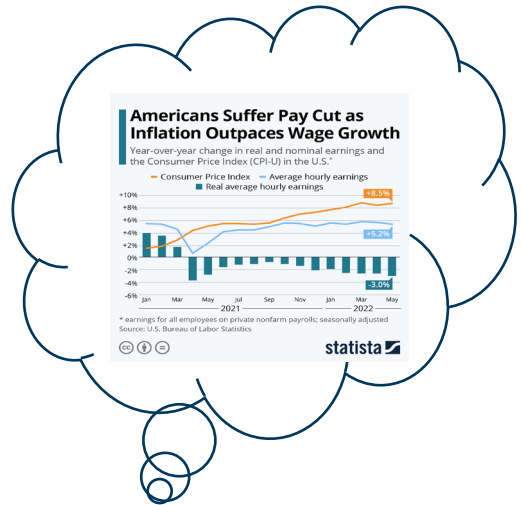
- Board member
- CEO
- C-Suite
- Senior Leader
- Other

Size of Bank (Assets)...

- < \$300 million
- \$300 mil to <\$1 billion
- \$1 billion to < \$10 billion
- \$10 billion +



Group Discussion: What Keeps You Up At Night?





The Current Landscape – what we are hearing....

- **Economic uncertainty**
 - Inflation / cost of living
 - Possible recession

- **Turnover**
 - Customer facing positions – branches & call centers hardest hit
 - The “great resignation”
 - “Quiet Quitting” & ”Act Your Wage”

- **War for talent**
 - Aging C-Suite
 - Paying above market rates to attract experienced professionals
 - Organizations usually lead with pay but pay is rarely the sole factor in recruitment and retention.....although it seems like pay is driving things now!
 - Remote/flex work

- **Pay compression**
 - Increases in starting wages for entry level employees
 - Paying above market rates to attract experience professionals

- **Bonuses – retention and sign on**
 - How to send the right message

Will Your Employment Brand Attract, Engage and Retain a High Performing Workforce?

Culture Purpose Driven

- The model of community banking is serving the needs of the community – mutual banks create “purpose driven” cultures
- What aspects of culture will move your bank forward or hold you back?

Leadership Strong & Agile

- Do the current leadership skills and expectations set you up for success?
- Can leaders adapt to remote work and rapidly changing technology?

Talent Flexible & Growth Mindset

- How will I use the talent in my organization to contribute to the organization’s long-term strategy?
- Are there any red flags in my organization’s talent portfolio that might prevent me from achieving my goals? What talent gaps exist in my organization?
- What steps must I take to ensure the talent in my organization is prepared and aligned to achieve strategic goals & strategy (e.g., recruiting, development)?

Culture: Ways That You Have Leveraged Mission & Purpose?

- Is your talent strategy linked to your mission and purpose?
- Do you know how employees and potential employees view your “employment brand”?
- Do you have ways to monitor “employment reputation” and culture?
- Do you conduct employee engagement surveys?

Your Employment Brand Reflects Your Culture

Employment brand is your reputation: how employees experience you as an employer and how potential employees see your reputation as an employer



Leverage purpose and mission



Invest in your leadership - engaging managers



Transparent and frequent communication



Conduct "stay interviews"



Will Your Employment Brand Attract, Engage and Retain a Diverse Workforce?

Talent Pipeline

- Is your talent pipeline diverse?
- Do you recruit, hire and promote diverse talent?

Leaders

- Are your leaders diverse?
- Do leaders create an inclusive environment?

Culture & Community

- Is your culture inclusive?
- Is your community diverse and inclusive?

Your Employment Brand: Maximizing The Employee Experience

- Employee development
- Internal equity
- Leaders
- Engagement surveys
- Work design
 - ✓ “Designing work that people love”*
 - ✓ Innovation in banking
- Ensuring cultural fit



“I’ve learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

Maya Angelou

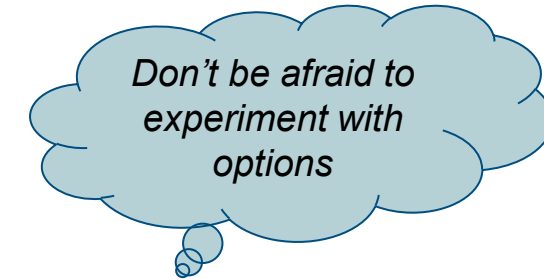
*Marcus Buckingham – HBR article, Designing Work That People Love

Your Employment Brand: Work(er) Flexibility as a Recruitment & Retention Strategy

10 top stats from the report



1. **1 in 5** workers quit in the last 6 months.
2. The **No. 1 driver of attrition** is *inflexibility*.
3. **75%** of execs say The Great Resignation impacted their financial stability.
4. **82%** of companies needed help with talent acquisition and retention over the past 12 months.
5. Only **1 in 2** companies have a business strategy. Even fewer companies (**38%**) have a talent strategy.
6. **Nearly 1 in 4** execs feel ill-prepared to lead through The Great Resignation.
7. The **No. 1 reason executives quit** is *inflexibility*.
8. The **No. 1 reason executives stay** is *job fit*.
9. **Executives' No. 1 talent priority** is *helping employees find purpose*.
10. The **No. 1 driver of retention** is *benefits*.

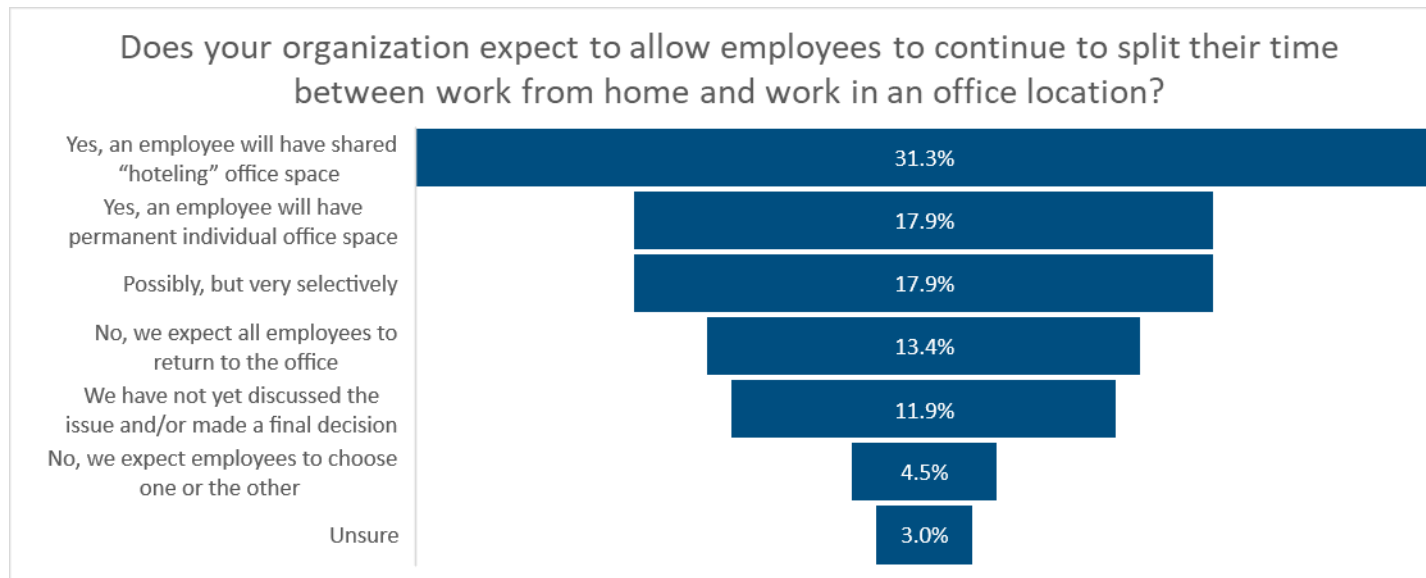
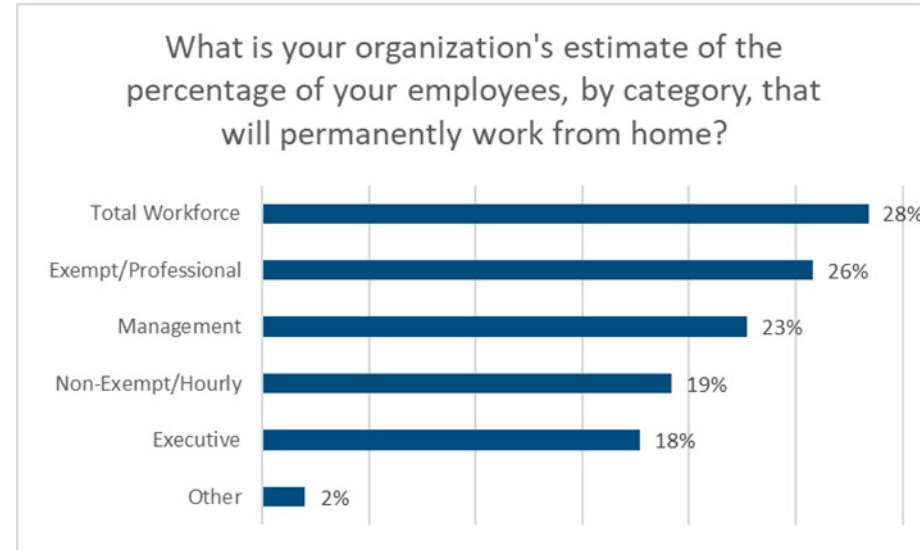



- Fitting remote/hybrid work with your culture and roles
- Providing flexible work options
 - flex hours
 - compressed work week
- Thinking creatively about in-person options in your brick-and-mortar space

Remote Work

Remote work options are here to stay

- 28% of total work force will permanently work from home
- Close to 50% anticipate hybrid work arrangements
- 25% plan to decrease their locations/office footprint and 15% are unsure or undecided.





How has remote work impacted your organization?

Remote Work Impacts

- Culture
- Engagement
- Retention
- Attraction
- Diversity
- Role of leadership

Questions for work(er) flexibility?

- What does your bank want to keep from your experience of working remotely?
- Most employees want some flexibility – how will you meet that?
- How has remote work changed the bank's ability to attract and retain your workforce?
- How has this changed the work of the leadership of your bank?



Create a Talent-Focused Employment Brand

Develop frameworks to identify and cultivate industry skills that lead to organizational success

Competition for Talent at All Levels

- **Pressure for Talent at all Levels**
 - ✓ Customer-Facing Positions
 - ✓ Commercial Lending
 - ✓ Credit
 - ✓ Mortgage Area - Underwriting, Processing
 - ✓ Risk and Compliance
 - ✓ C-Suite
 - ✓ Digital Leadership



How Do You Mitigate Risks of Talent Flight?

- Do you have a robust succession planning and management system?
- Do you identify high potential/key employee “flight risk”?
- Do you conduct “stay interviews” versus exit interviews?
- Do you identify current and future key skills and experiences for all/most jobs in your bank?



The Board's Expanding Role: Succession & Talent Planning Critical for Organizational Success

The Board's Expanding Responsibility

- Review strategic talent plan alignment with strategic objectives to minimize risk and maximize return
- Ensure a leadership succession strategy that incorporates talent 2-3 levels below C-suite
- Invest in intentional development opportunities and experiences for potential CEO and C-suite executives
- Understand and monitor overall health of the organization's leadership and talent pipeline
- From emergency succession planning to long-term succession management and talent development



CEO/Management Responsibility

- Create a talent strategy that supports organizational strategy and ensure flawless execution
- Determine key roles that are critical to future organizational success
- Actively monitor and manage succession plan
- Identify and invest in future leaders
- Plan your leadership legacy
- Moving from talent risk management to employee engagement

Key Questions To Ask: How Healthy Are Your Talent Pipelines?

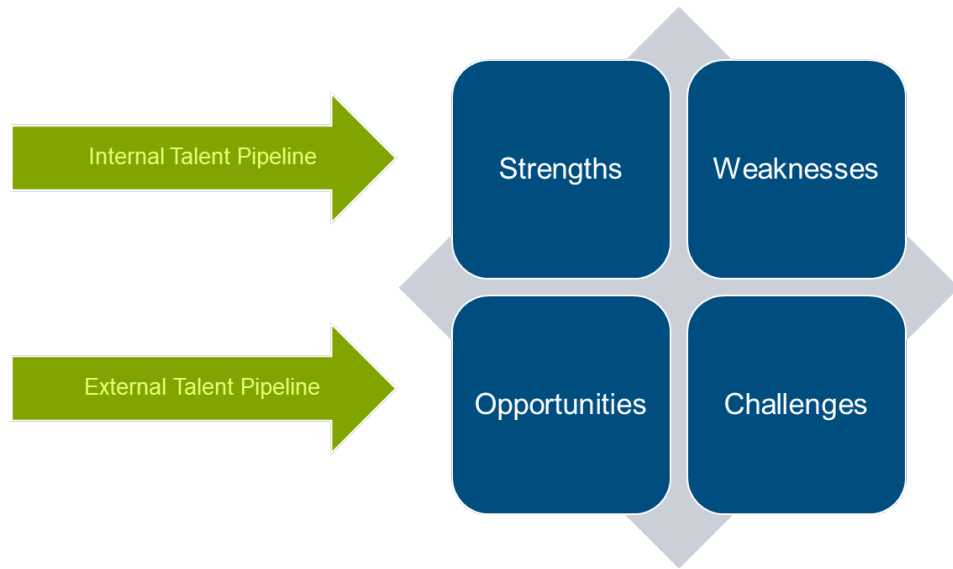
- What is the supply and demand for talent in your strategically critical areas?
- How are you investing in the workforce to deliver on strategic objectives?
- How are you closing gaps in pools of critical talent?
- Which leaders are you investing in? Who have you placed in critical roles and what ways are you investing in their development?
- What are the potential leaks in your talent & leadership pipelines?



Identify and cultivate the industry skills that enable the organization to remain competitive, recover and thrive.

1. **Build Talent** –talent building focused on skills and experience to enable the deployment of talent across various functions/businesses units at all levels
2. **Buy Talent** – Hire/Acquire: best solution to fill talent gaps quickly or where specialized talent is not readily available (eg. Data Science).
3. **Borrow Talent** – this is an adaptive workforce - third party providers, contractors, etc. This talent pool is typically isn't limited by geography. Banks should also consider borrowing to take place internally – especially short-term assignments for cross functional projects – which has become more prevalent due remote work.
4. **BOT**: Robotics/AI – as tasks are automated, which new skills are needed and how do you mitigate potential displacement of people as a result?

Talent Strategy and Risk Assessment

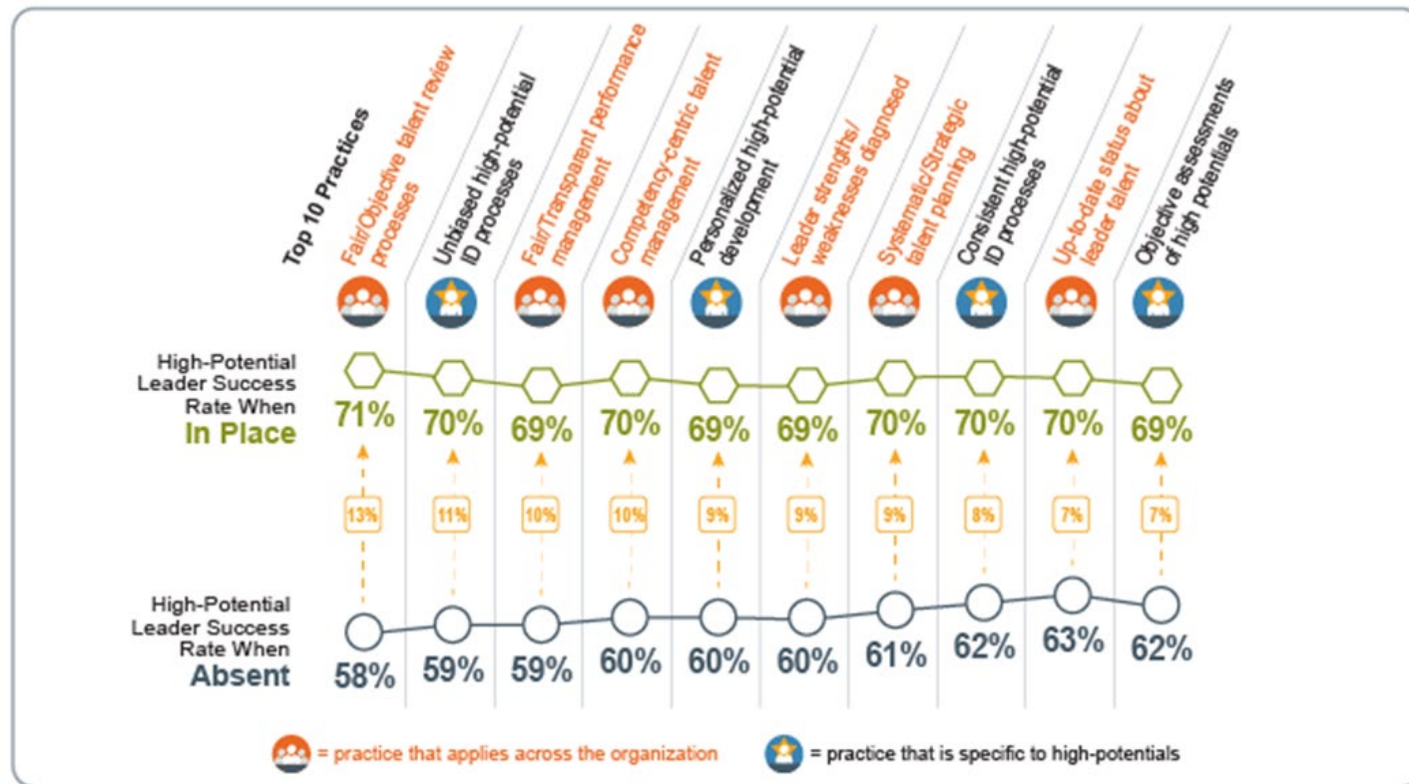


| External Talent Pipeline Indicators | Current | Anticipated in next 12-18 months | |
|--|---------|----------------------------------|--|
| # of new roles | | | |
| Market for new roles | | | |
| Compensation competitiveness: Any roles you are worried about? | | | |
| Overall job market for your organization: Specific skills/areas that you are worried about? | | | |
| Internal Talent Pipeline Indicators | Current | Anticipated in next 12-18 months | |
| Past year # of hires By grade/role | | | |
| Past year # of promotions | | | |
| Past year lateral movement | | | |
| Roles that will require new skills | | | |
| Upskilling of workforce - # of ee's who have attended training/learning programs <small>Are skills of the new roles available in-house or easily developed?</small> | | | |
| Staff who will be impacted by layoffs/changes to role | | | |
| # & % of voluntary terms | | | |

Identifying High Potential Talent

- Leadership succession – ensuring continuity by identifying, developing, and retaining future leaders with growth potential

Top 10 Practices for Boosting High-Potential Leader Success Rates



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Career Pathing



Succession Planning and Management



Coaching and Mentorship



Performance & Development Feedback

Creating Individual Development Plans to Enable Retention and Succession

The value of a performance management process is not in the assessment but in the opportunity for leaders and staff to create personalized development plans for maximum effectiveness in their roles

- Individual development plans should:
 - Reflect personal aspirations along with feedback from boss and colleagues
 - Plan should cover the 12-month performance management cycle
 - Buy-in and partnership with boss
 - Resources available to support development plan
 - Areas for development can be incorporated into next years goals





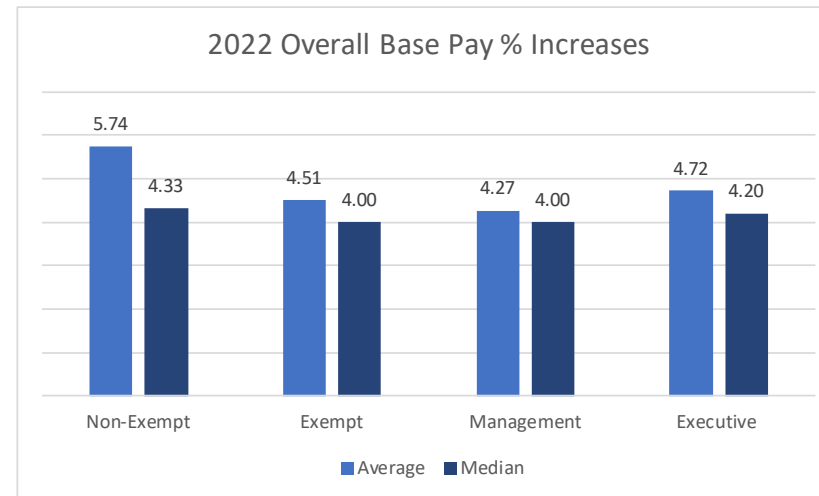
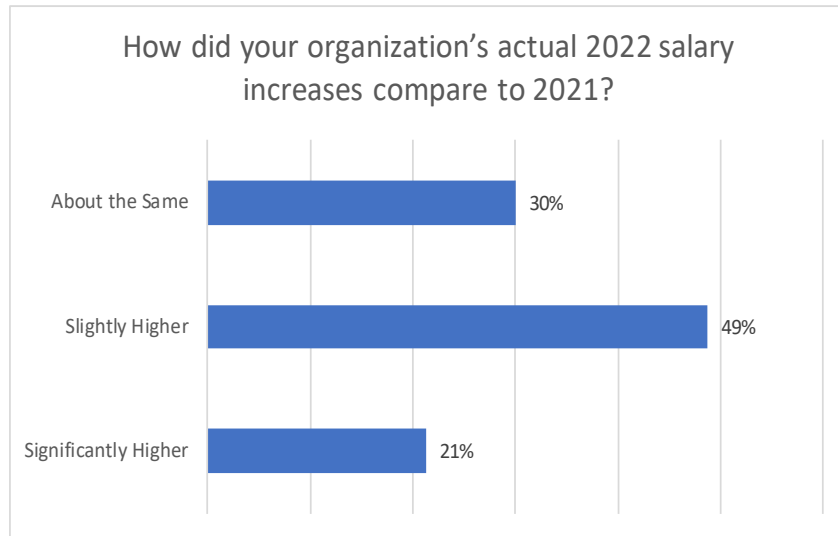
Compensation Trends

What's happening and what can you do about it?

Base Salaries – What really happened in 2022?

Actual 2022 Salary Increases Compared to 2021

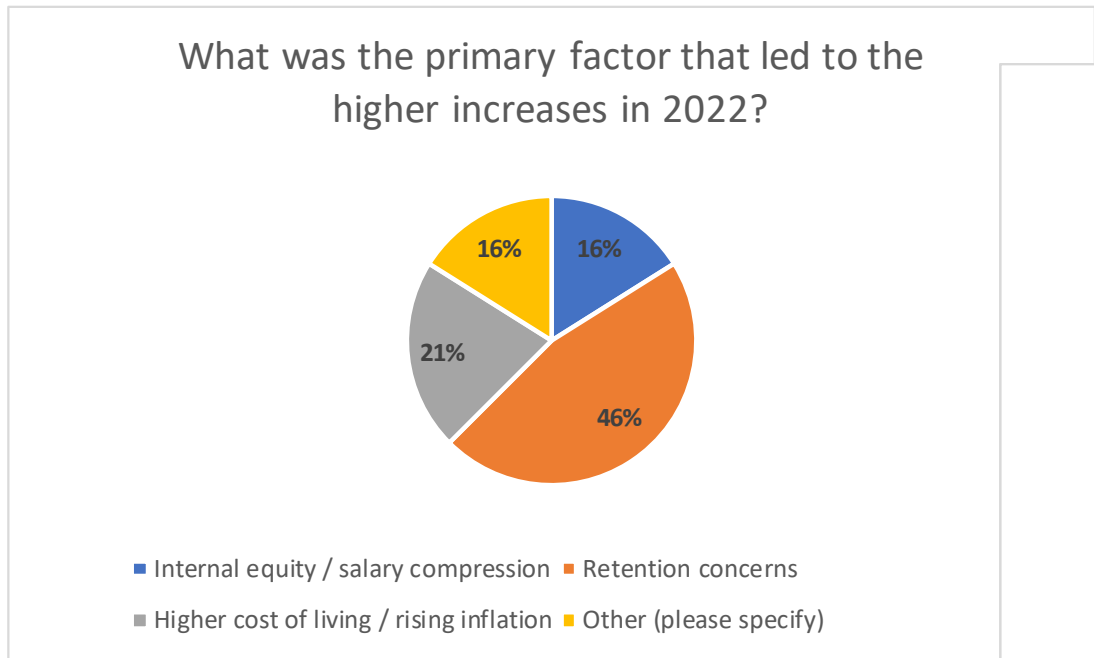
- 80% reported base salary increases were higher in 2022 than in 2021
- Non-exempts received the largest % increase (5.74%)
- No financial institutions reported lower salary increases compared to 2021



Source: Pearl Meyer May 2022 Quick Poll

Concerns Prompting Higher Base Salary Increases

- The most prevalent primary factor was **retention concerns** (46%), followed by the **higher cost of living and rising inflation** (21%)
- Most financial institutions (69%) are not planning a mid-year salary adjustment process
- Those who are will provide targeted increases to top performers, specific employee categories and critical staff



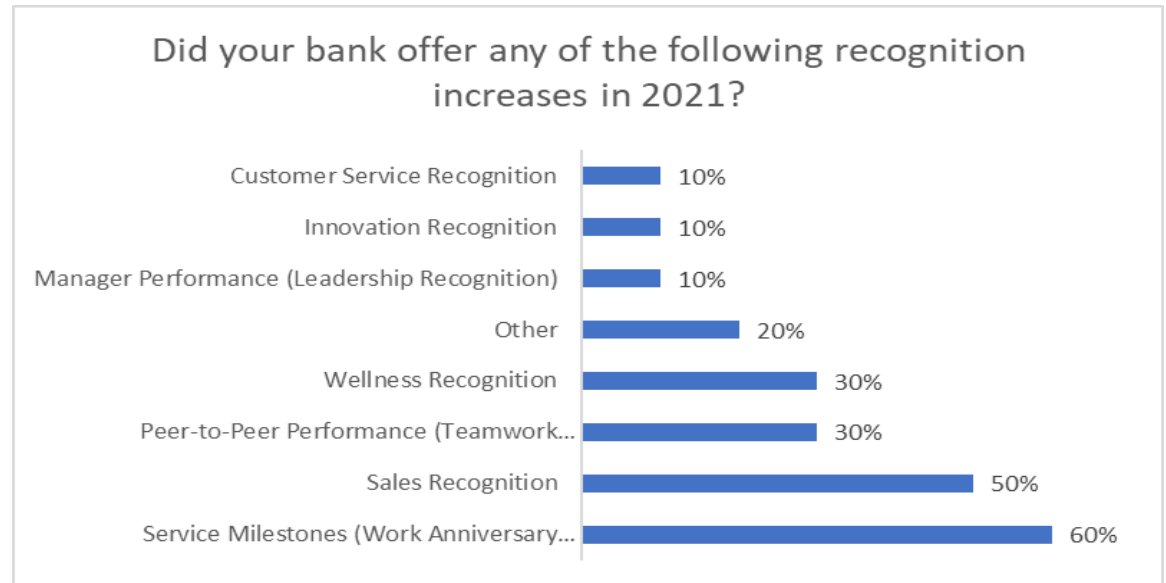
2023 Salary Increase Budgets

- 2023 planned salary increase budgets lower than many expected
- Many organizations are being cautious heading into 2023

| Survey | Scope | 2023 Projected Salary Increase Budgets | | | |
|--------------------|---------------------------------|--|---------|--------------------|------------------------|
| | | Executive / Sr. Officer | Officer | Exempt Non-Officer | Non-Exempt Non-Officer |
| Pearl Meyer | Northeast | 3.6 | 3.5 | 3.4 | 3.5 |
| Proprietary Survey | Eastern US: Finance & Insurance | 4.0 | | 4.2 | 4.0 |

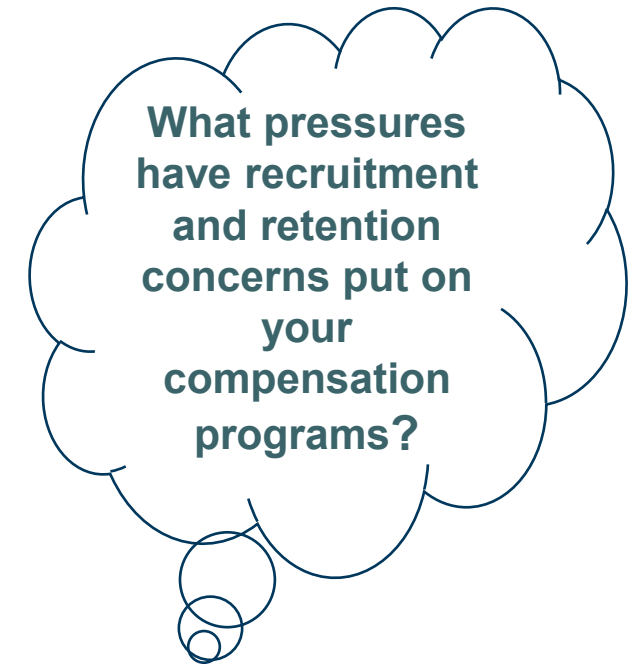
Special Pay Practices

- Many banks are using
 - ✓ Spot Bonuses
 - ✓ Retention/Stay Bonuses
 - ✓ Sign-on Bonuses
 - ✓ Customer Facing Position Bonuses
 - ✓ Recognition Programs



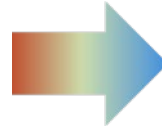
Influencing Your Employment Brand With Compensation

- Base salaries are no secret – ensure you are paying competitively and equitably
- Make sure your high performers are paid like high performers
 - Merit, incentives, spot bonuses
- Communicate your programs at all levels link pay to strategy and link pay to performance
- Broaden definition of compensation to include all benefits/rewards (e.g., PTO, medical benefits and 401(k))



Pay for Performance

- Very traditional approach
- Performance is expected
- Is this approach the most effective for a mutual bank?



Pay for Purpose

- Consider a differentiated philosophy
- More reflective of community banks
- Focuses on purpose, with performance and core values being underlying principles

Final Thoughts Creating a Winning Talent Brand

- Compensation is something but not everything
- Leverage the purpose-driven culture of community banking
- Be flexible around work design
- Understand employee engagement and culture to support diversity, inclusion and belonging
- Focus on the employee experience and when possible, develop and promote internally
- Ensure fit – “right people, in the right roles, at the right time”

5 turnover terminators

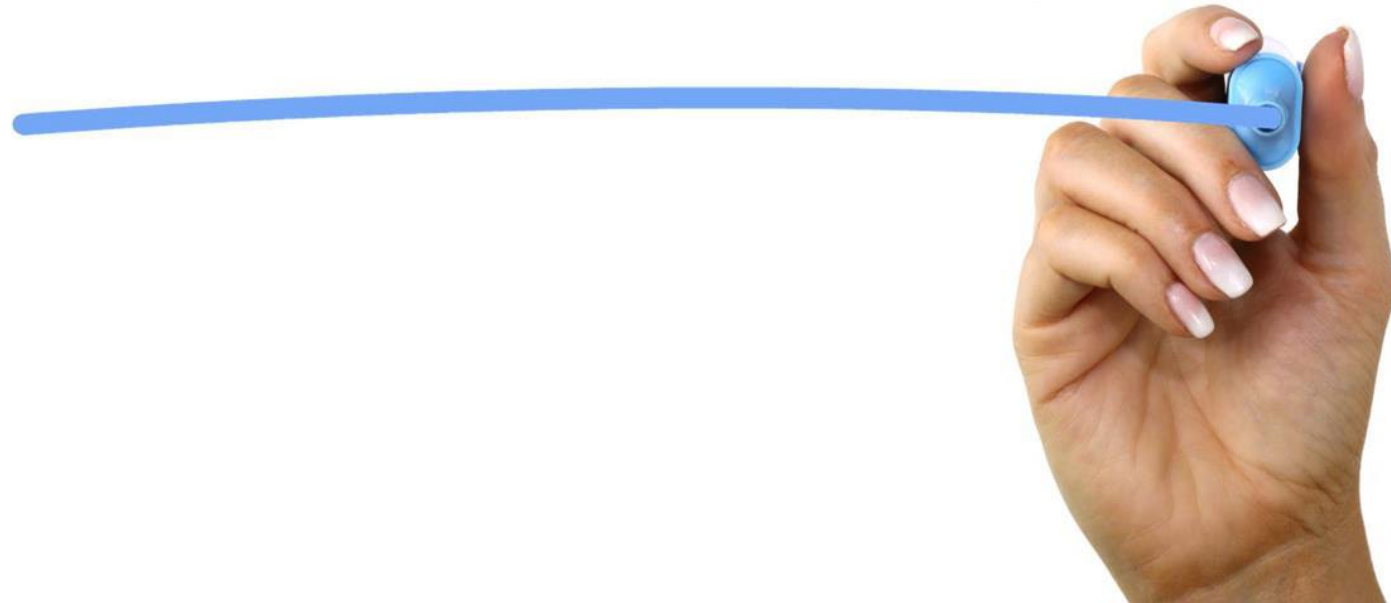


1. Companies with the right people in the right roles have **42% lower turnover**.
2. Remote-friendly companies are experiencing **33% lower turnover**.
3. Companies that prioritize health care benefits experience **27% lower turnover**.
4. Inclusive companies are experiencing **19% lower turnover**.
5. Talent optimized companies are **nearly twice more likely** to avoid the brunt of The Great Resignation than their peers.





QUESTIONS





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