

CHANGING THE ODDS OF EMPLOYEE RETENTION

by [Steve Brown](#)

In Las Vegas, gamblers know that each game can have different odds. Some go more in favor of the house and some more in favor of the player. It is hard to resist the ringing bells, flashing lights and shouting. One of the biggest "games" banks play each day is how to retain and challenge their very best and brightest employees. The good news is that banking is still a fine profession most employees are happy to talk about with family / friends and not everything is stacked against the house. In fact, researchers have recently uncovered some information that everyone should know. In short, they found that employees who leave should have another job already lined up, or they may have to settle for something that may not be quite as desirable. Those that didn't find that just one year after leaving their job, their salary dropped by 11% from previous levels. Those that waited 3Y or more saw their paycheck slip of as much 37%. For those that did have a job lined up, only 57% found they were more satisfied with their new employer after the first year. That doesn't mean banks should become complacent, particularly when it comes to their best employees. The first step in this process is to identify exactly which employees fit this category. Identify the employees that deliver consistent results and can be counted on to produce quality work product. Remember that employees who are constantly on the phone, typing on a keyboard or calling meetings may not be the most productive or the best performers. Bankers need to take a hard look at where profitability and customer satisfaction are coming from and zero in on these employees. In addition, time is precious, so the top third of employees should receive 90% of management retention focus. The next step is for bankers to understand why the best employees leave in the first place. Don't wait for an exit interview to find out if these employees are satisfied with their jobs. Be proactive to ensure they feel appreciated, are not bored, have career prospects, are part of a winning team and have an ability to grow. These aspects more than most others are critical for banks interested in creating an atmosphere where the lights flash and top employees feel challenged. Third, bank executives should take the time to prepare individual retention plans for top employees. What do these employees want from life, what keeps them motivated and what are their goals? Sitting down and talking about such things and setting a concrete strategy helps ensure the bank is in synch with employee expectations. Finally, the best executives know that retaining key employees is one of their most important daily tasks. These employees thrive on challenges, so executives should make sure they set high expectations, delegate authority, encourage risk-taking, give full credit for performance and try to make the workplace fun. These employees want executives to pay attention to their needs, while being open and honest. Casinos offer different games in an effort to appeal to different people and bank executives should do nothing less. Focus maximum efforts on the best employees, offer them a reasonable compensation package, intellectual challenges and the freedom to do what they do best (without micromanaging) and see the difference it can make to the bank's bottom line. Competition for quality employees is intense, but these basic steps help tilt the odds in the bank's favor.

BANK NEWS

M&A

Columbia Banking System (\$2.6B, WA) will acquire Town Center Bancorp (\$133.4mm, OR) for \$45.1mm, or about 2.68x book.

Interesting

In an effort to fight fraud, Bank of Hawaii (\$10.6B, HI) has rolled out equipment that scans the faces of people entering its branches and checks to see if they are known fraud or robbery suspects.

Big Bucks

11 of the top senior executives at Niagara Bank (\$7.9B, NY), down to the SVP level, have received approval for their golden parachutes. In the event of a change of control, these 11 would receive a lump sum payment equal to as much as 3x (depending on position) their last year of salary and bonus. In addition, each executive will receive 2Ys of benefits.

CD Auctions

Zions has launched an innovative online auction platform that will allow retail investors to bid on CDs. Investors find the maturity they want and then enter the rate. The bank then accepts the lowest rates for a given period of time.

Regulations

CA, TX, and OK are all considering legislation restricting the marketing of credit cards on college campuses. Legislation authors say credit card companies are giving away free incentives that low income students might not be able to resist. This comes amid concerns about widespread consumer debt and proper disclosures.

Competition

IBM has created a mortgage unit that automates every part of the lending process. The unit will begin operating in the 3Q and be able to manage loan applications, underwriting processing, 3rd party vendor management, document preparation and closing.

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