CLICKING CHANNELS THRU GENERAL MANAGEMENT

by Steve Brown

Media ratings firm Nielsen reports the number of 15 second TV commercials has soared 70% in the past 5Ys and now makes up 34% of all national ads on the air. People are used to getting their information in smaller bites and they want it right now, so that isn't all that surprising. What is surprising is that things have gotten so bad that 6% of all viewers will jump away to another channel if the advertisement lasts 30 seconds. Given this, we will try to hold your attention and hope you are a speed reader, so you can get through this article in 30 seconds or less. Our subject today is bank management.

Since employees remain our most productive asset in banking, one new thing you might not know comes from new research out of the University of Miami. Researchers there found surprisingly that the long-held style of managers treating employees differently based on skills, perceived value and personality may not deliver the best results. The study found that when managers treat individuals differently within a team setting, it negatively affects the team and actually produces lower performance. The researchers focused on teams in size from 2 to 19 people and found that overwhelmingly, team-focused leadership that treated everyone the same was overwhelmingly more effective than the individual variety. They surmised that in a team setting, people are more likely to feel connected to their company, which results in greater commitment to the manager, more happiness and more loyalty. In short, treating teams as a unit gets participants to positively identify with the leader, creating positive factors that deliver better results. When individuals are singled out or managed one on one, they do not identify with the group, which reduces team and overall effectiveness. Give it a try this year on a project you really want to accomplish.

In another area, we consider a recent survey by Bank Director. The magazine asked bank executives what their top concerns were over the coming year and the results are interesting to consider when thinking about 2011 budgeting processes, risks or product opportunities. The burden of pending regulatory reform was cited as the biggest concern by 87% of respondents. That was followed by exposure to commercial real estate (58%), retention of quality employees (37%), exposure to commercial loan losses (36%) and increased regulatory scrutiny on compensation (35%). Clearly, bankers remain worried about credit exposures given the slow economic recovery and the stress to keep things rolling during this period of strain also has many executives wondering how they can keep quality employees. Many bankers we talk to are simply exhausted at this point after struggling with loan losses; tough regulatory exams; employee stresses; a shifting business model and other factors. Few employees have any extra gas in their tank, so perhaps the single best thing executives can do is to force employees to take well earned vacations. Burnout is running high, people need time to decompress and the line of issues doesn't seem to be getting any smaller, so more time and patience will be needed.

Finally, we have heard from many banks about the drastic changes the industry has endured these past few years and the impact it has ultimately had on the overall banking model. These are changed times and bankers are struggling to find a new business strategy that makes sense, delivers a return and keeps shareholders/regulators happy. It may seem tantamount to chasing windmills, but bankers keep trying and the solution will take time. The simple fact is that the new business model is based on lower leverage, lower earnings and rising costs. That means banks will have to spin off businesses, restructure further, cut costs and continue to do a better job at pricing risk. Our advice here is to keep moving and stay focused on the bottom line for best results over time.

Thanks for watching our show and tune in tomorrow when we show you how to make $1mm in 1 minute or less!

BANK NEWS

Central Banks

While the Fed prints and borrows money to spur inflation, the world waits for what other central bankers are going to do. We get the BOJ, BOE and the ECB decisions today and tomorrow. While the BOE and ECB will likely stay on hold to see what happens in the US, Japan is the wild card.

FHLBs

Every Federal Home Loan bank posted a profit for the first time in years. On an aggregate basis, total earnings reached $732mm vs. a $165mm loss last year.

Freddie Mac

The GSE reported its 12th loss in the last 13 qtrs as it posted 3Q earnings of -$2.5B, inline with expectations. FHLMC also asked for a $100mm capital infusion raising the GovÃ¢Â€Â™t investment to $63.2B.

Small Biz

Various surveys find 86% of small-business owners say they are concerned about a double-dip recession; only 8% plan to increase staff; only 16% anticipate more capital spending in the next 6 months; and only 28% expect sales to increase in the next 6 months.