EMPLOYEES, PERFORMANCE AND ENGAGEMENT

by Steve Brown

A survey by Expedia found last year that 37% of Americans did not take all of their available time off, up from 31% 2Ys earlier. In absolute percentage terms, that is an increase of roughly 19%. High unemployment, industry stress, concern over keeping a job and dealing with existing workload were all contributors. Not that it would have mattered very much, even if people did take all of their time off. A study in 2010 points out that about 33% of managers work while on summer vacation anyway and 80% frequently check and answer emails. Stress in the banking industry is running high already, so our advice is to enjoy the time off when you have it and cut back on checking email to 2x per day maximum.

Since today is Friday and we have you thinking of taking a vacation perhaps, we thought some lighter fare might be in order, so we focus on employees. Given bankers are always trying to find a better way to improve employee performance; we highlight some tips, as we can all use an occasional reminder.

For starters, consider whether or not to measure performance against the past year. While a common practice, management needs to make sure last year was a suitable beginning point. Tying compensation to metrics that lag business activity is one area to potentially improve. Next, consider the mirror. If you only look at your own performance and never compare to anyone else, you might think things are always great. Focusing internally is important to keep you grounded and alert, but not losing sight of what competitors are doing, the success they may or may not be having and the risk they are taking to improve performance are all key factors to work into the mix. Third, try to avoid getting sucked in by too much data. Bankers in particular have a hard time with this, but sometimes the data being tracked isn't worth the paper it is printed on. Think about what really matters, keep things simple, and stay focused on the prize to make sure you get there. Avoid spending too much time examining deep nuances of data that serve only to distract. Finally, utilize metrics that have different timelines, come from diverse sources and drive different (but additive) results. This way you can get all four wheels of the car turning and none will be stuck in the mud.

Now that we have performance measurement out of the way, we turn our attention to a few tips on how to keep employees engaged as industry strains continue. One thing you can do right away is to fill in the gaps. When people don't know what is going on, they tend to make up explanations on their own that are usually worse than reality. The best way to prevent this is to explain the bank's current situation and present a credible plan as to how management plans to address any issues. Next, try shifting around responsibilities. Happy employees are those that are challenged with new opportunities, get to learn new skills and see a management team dedicated to their success. The key here is not to pile on too many new things too fast, but rather to stretch employees based on what they can truly support. Empower staff, give them tools to succeed and provide regular encouragement to drive better results and productivity.

Employees work to support your bank every day, so choosing the right metrics and taking steps to engage people even more should only help drive better performance and create a happier workplace.

You may even be able to create an environment where everyone is so happy; they never take any time off.

BANK NEWS

Bank Comp

In order to keep competitive (and no longer restricted by the Treasury), Bank of America said it will be issuing employees a greater percentage of their compensation in cash instead of deferred stock.

Bye TFR

Thrifts will no longer be using the Thrift Financial Report, as it will be replaced by the Call Report in Mar of 2012.

Muni Risk

The WSJ reports an extensive analysis of municipal disclosures on 17,000 bond issues finds 56% did not file a financial statement in any year from 2005 to 2009. In addition, 33% blew off filing for 3Ys or more and another 30% filed very late in 2009. The article pointed out that this means $2T of $3T in bonds outstanding have insufficient ongoing disclosure information. As a banker, wouldn't it be nice if you didn't have to file a Call report for 4Ys.

Recovery Timing

It took 39 months for the US to recover all the jobs lost during the 2001 recession and experts say it will take 2x that long this time around given structural differences. Given that the recession started in mid-2008, that means we will have to wait until 2014 or early 2015 if they are right.

Relationships Matter

A survey by Merrill Lynch finds strength of relationship is twice as important as positive investment performance to people that use an investment advisor (64% vs. 30%). Perhaps this is one reason why relationship-focused community banks continue to thrive.

Treasuries

Foreign central banks own about 35% of Treasuries at this time.