

TENDING TO A GOOD CULTURE

by [Steve Brown](#)

After the yellow flower blooms on a dandelion, it switches modes and transforms into a soft, white, golf ball sized, fluffy seed-filled plant. All it needs to replant itself is a little breeze, as seeds blow around to an unknown destination. When it comes to bank culture, some use a similar "wait and see where we go" technique, while others diligently focus in on the yellow flower stage to make sure future weeds don't grow in the yard. No matter what sort of gardener you are, as a banker, the latter is probably a better cultural approach over time than the former.

We spend a lot of time talking about the generation of earnings, cutting costs, risk management and the various technical components of being a successful banker in difficult times. It is a good idea to take a step backwards now and then and ask why your organization exists in the first place, as you check in on whether it is carrying out what it has set out to do. We're not going to go totally California-squishy on you, but sometimes a check-in on the true drivers of your bank can be a good exercise. This is more than just navel-gazing, as it has been shown the results of companies with strong cultures can be 20% to 30% higher than culturally-generic competitors.

A successful corporate culture has a number of components and corporate vision is one of the most important. Most banks express their vision with a mission statement, or an overall definition of purpose. It should be simple and provide direction to everyone who works for the bank.

Values must support the mission statement and are the core of any culture. A statement of values doesn't need to be imaginative prose, as the most important aspect is that they are authentic and genuinely the driving force behind how your bank does business. Values typically revolve around customers: "serving individuals and businesses in our community for 25 years" and professionalism: "business lending experts." However, values can also be expressed through community support and volunteer activities that highlight the local expertise of bank employees and the bank's overall support for projects in the community.

Values should be expressed in the way the bank acts, not just in what it states publicly. If the bank offers a statement along the lines of "our people are our most valued asset," then visible opportunities for education and advancement should exist. If the bank professes to give terrific customer service, then it should absolutely check on a regular basis to be sure the staff is able, willing and empowered to do so.

To be sure, people are the most important part of any corporate culture, so seek out employees who already share the core values of your bank. Find people who are interested in embracing your values and who fit your culture. It should result in higher job satisfaction, lower turnover and higher customer satisfaction.

Every bank has a story of its origin and reason for existence. Turning that story into something that defines your culture should take your organization a long way toward differentiating from competitors. If your bank has a long history, tell the story everywhere "ÄË" on your web site, through social media and even using photos on branch walls.

We also talk quite a bit about making every effort to avoid competing only on price or lending rate. In the end, your bank will need to get close to join the discussion, but beyond that, culture is critical. A strong culture should give you a good shot to win the business against the biggest banks, so be sure to plant the right kind of seeds and pull any weeds before they spread.

BANK NEWS

Branch Closures

The holding company of Whitney Bank (\$13.2B, LA) and Hancock Bank (\$6.6B, MS) will close about 17% of its 258 branches, as it seeks to adapt to customer changes and reduce expenses.

More Problems

Banks should note FASB and IASB are proposing nearly all operating leases would need to be recorded on the balance sheet and valued. For banks, this impacts how many handle branches, offices and equipment, so be aware.

More Failure

A survey by Deloitte of executives at Fortune 1000 companies finds a large number of cost saving initiatives will fail. Overall, these companies said the failure rate for such initiatives increased from 14% in 2008 to 37% in 2010 to 48% in 2012. The main reasons cited included a lack of employee understanding (53%), a weak business case (31%), poor design and tracking (31%) and an erosion of projected savings (23%). Now that you know, you know how to position your bank for success in this area.

Companies

A survey of CFOs at large companies by Deloitte finds boards of directors in the US are predominantly focused on revenue growth (75%), risk management/mitigation (60%) and cost cutting (50%).

Debt

Analysis by Pew Research finds the median debt of households headed by an adult 35Ys or younger declined 29% from 2007 to 2010 (\$21.9k vs. \$15.5k) vs. 8% for those ages 35Ys or older (\$32.5k vs. \$30.1k).

Small Biz

A survey by research firm Penn Schoen Berland of small business owners finds technology needs are handled by the owners themselves (47%), freelance technology specialists (38%), an in-house dedicated technology employee (18%) and outside technology vendors (14%).

Changing Times

A survey by the Center for Professional Excellence of HR professionals finds 50% say most recent college graduates are not professional in their first year on the job, up from 40% who felt that way last year. Texting in meetings, a more casual to business and other factors are more typical now.

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