

Locking In Better Performance

by [Steve Brown](#)

We saw an interesting story that made us consider the importance of internal communications in the workplace. There was a medical supply company executive who recently was detained by his own employees in China. This was not a "let's grab the Dean for a few hours" at the college sit-in kind of detainment. Rather, the executive was held for 6 days and described his imprisonment as feeling like "an animal in a zoo." When reading stories like this, we always ponder the important questions, like which animal and whether it is a carnivore, herbivore or omnivore?

The issue began as a misunderstanding around plans by the company to move part of its operations to India, resulting in 35 layoffs from the 97 employee plant. The company had made a severance deal with those employees and all employees had signed an agreement outlining the changes at the plant. The problem was the remaining employees wanted a similar payment and even more important, there were rumors that the entire plant was going to be closed. In the end, the gossip mill caused employees to physically stop the boss from leaving the building, though he tried several times. On the 7th day, the manager finally made a James Bond-esque escape and made it home unharmed to New Jersey.

What could this employer have done differently and is there a lesson in this for community banks? There are certainly cultural differences that no doubt complicated things in this case, but if we look at some best practices in employee relations, it seems most of the ideas are pretty universal and probably could have reduced the drama.

The Institute of Public Relations undertook a study of employee communications best practices and in particular looked at the factors in internal communications that contributed to the success of best-in-class companies. One important factor was an organizational structure that encourages internal communication both up and down the chain of command. That, plus a universal understanding in the company that strong internal communications has a positive return for the brand are key factors. These strong internal communications are driven by both listening skills and by skills used in communicating a message. When communicating outbound, executives need to understand that timeliness is very important and all employees should be informed before stories get churning in the rumor mill (or make it to social or mass media).

Other important elements to good communications include helping employees understand organizational change and how it might affect both the organization and their own work. If employees are presented with a roadmap for changes and have a clear idea and ability to measure progress, the company is empowered because the employees are empowered. Asking a new generation of employees to contribute ideas toward organizational growth and change was also important, not only because it reinforces their value to the company, but also brings new ideas to management.

Finally, executives should offer clear communications utilizing benchmarks and key metrics, to show how employees have helped the company achieve key objectives.

It turns out that it's not unusual for Chinese workers to hold their managers captive and that police there are reluctant to intervene, as it is considered a business dispute. Start your day considering the

benefit of being in the business of running a community bank, where relationships between employees and employers may not always be simple, but are more predictable.

BANK NEWS

Cyber Costs

Bloomberg analysis indicates in order to achieve security capable of stopping 95% of cyber attacks, banks, utilities and others would have to increase average annual cyber security spending by 800% to 900% from where it is currently.

Risk Committee

A study of enterprise security governance practices by Carnegie Mellon University finds 48% of companies surveyed last year now have a board-level risk committee responsible for privacy and security vs. only 8% 4Ys earlier.

Branch Activity

According to research firm Bancography, the number of transactions per branch has fallen about 26% in 5Ys (from about 10,200 per month in 2007 to 7,600 per month as of 2012).

More Sales

Banks should take note that a recent survey by Financial Planning finds 50% of investment advisors now use tablets to communicate with clients. Perhaps it is time for customer facing employees at banks to get one.

Customers

Banks should ask existing customers bring in their children to sit down and talk about money matters. It will not only help create a bridge to the next generation, but also may help bankers, since research finds 86% of investors between ages 18 to 50 say they will not use their parent's investment advisor (no data on banks, but worth a discussion to be sure).

Targeted Savings

As a way to capture new customers or increase deposits, you might want to let customers know that if they get an MBA, studies show they will make \$1.7mm more over a lifetime on average than someone who only holds a bachelor's degree. Maybe they should open a targeted savings account to get there.

Director Tech

A recent survey by PwC finds 67% of directors of financial institutions see their company's technology risk management approach as only moderately effective or needs improvement and 60% would like to devote more time to technology risk management within their organization.

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