Seeking Younger Board Members

by Steve Brown Topics: strategic planning, performance

Summary: Only 16% of all bank boards of directors include a director who is age 40 or younger. We explain why the right age mix is important for a bank's performance.

CBRE did some research and asked office tenants to rank the top services or amenities they wanted. The top ones were: a fitness center (34%), wellness classes (30%), coffee bar (26%) and a cafeteria (26%). Something to think about as you glance around your own office space amenities perhaps.

Bankers also need to periodically look inside the board room to identify strengths and weaknesses. We guess most community bankers who do this will see a group of people who are smart, dedicated, experienced, and ethical - but maybe not so young.

In fact, only 16% of all bank boards of directors include a director who is age 40 or younger. Yet, this group holds the promise of big benefits for the banks they serve, including new energy, fresh ideas, more familiarity with tech, and a chance to build continuity of leadership.

To find the right younger members for your bank's board, you may need to expand your idea of what a director looks like too. For some insight, we take a look at some comments from a partner at the Atlanta-based legal firm of Bryan Cave Leighton Paisner. They provide bank boards with legal advice and guidance, so they are in a good place to talk about such things. They suggest bringing on younger board members is needed maintenance for banks to keep pace with an ever-changing world and that it is critical to remain forward-thinking.

Here are some other thoughts we offer on why it is important to search out younger board members.

Skills your older board members don't have. Make a list of the skills you need on your board and crosscheck it with a list of your current board members. If you're like a lot of community banks, your bank may not be as strong in technology expertise as it should be. Technology is drastically changing and rearranging the ways that customers and banks connect. Younger executives could be more in touch with customer expectations in this area, but some may not, so be careful too.

A different kind of energy. Older board members are energetic, of course, but they're in a different part of their careers than their younger colleagues. Board members under age 50 or so are still building networks and establishing their careers. Banks need both kinds of energy and the mix can be powerful.

Questions, new ideas, and fresh business models. If you're bringing in less business than you were 10Ys ago, that may partially be because your board of directors has been more static. Every bank needs board members who will ask why you do things a particular way, suggest other options, and generally shake things up, every now and then, in a positive way.

Succession continuity. No one can serve forever. When board members have a broad range of ages, younger members get a chance to really understand the history and perspectives of the older generations. This is one of the best ways to ensure the legacy of your bank while providing leadership consistency for the long-standing loyalty of your customers.

Mentoring opportunities abound between older and younger board members and other expertise can be brought into the mix as well. Keep modifying your approach and challenging the status quo to stay ahead of the curve.

BANK NEWS

Bank Customer

Telstra Research asked consumers what they expect from financial institutions. The top 6 things were: high level of security (82%); sense of privacy (77%); flexibility (56%); real-time decisions (49%); multiple platforms (47%); custom and personalized communications (40%).

Economy

JPMorgan Chase's CEO Dimon recently stated that the economy could grow at a steady 3% "if policymakers get things right...although the range of bad outcomes is increasing (in 2020 and 2021)."

More Fed Patience

According to the Wall Street Journal, NY Fed President Williams stated that the Fed's rate and balance sheet unwinding actions will rely on the performance of the economy this year. He further noted that "the approach we need is one of prudence, patience and good judgment. The motto of 'data dependence' is more relevant than ever." The comments seem to point to a Fed on-hold position for now and close monitoring of economic data over the coming months.

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