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The Great Resignation

Once again, my journey through the articles at The Financial Brand brought me to pause and consider the impact of the article. In this case, it was about the Great Resignation, you can read the full article here - https://thefinancialbrand.com/126386/banking-great-resignation-pandemic-employee-hiring-culture-pay/?edigest1. The article illustrates that the COVID pandemic forced banks to shut down branches and changed the dynamic of how and where employees were deployed to continue to offer banking experiences. It's a double-edged sword, with customers now even more likely to perform transactions outside of the branch, reducing the need for traditional branch personnel. Meanwhile, bank employees were forced to work from home and subsequently, two things happened; 1) It turns out that the customer can be adequately served with employees working remotely and 2) some of those employees really liked not having to commute to an office.

As the Financial Brand article points out, the issue is not hiring the best qualified candidate. The issue is expanding the pool of applicants such that those that have potential skills outside of direct banking experience can have the opportunity to compete for jobs. Meaning, you are hiring the best candidate out of a larger pool of applicants. Over the many years that I have started and run Fintech companies, some of the best employees had literally no experience for the job I was offering but had intangible skills that made them excellent candidates. For example, a retired veteran whose job in the military was EOD (defusing unexploded bombs). As head of customer support, he was unflappable, was excellent at problem solving, and understood the concept of achieving results with set deadlines.

So how does an institution find, hire and keep the employees that will ensure long-term success? The challenges are real and not the least of it is the perception that financial institutions are not innovative, fun places to work. This one fact alone likely means that the number and quality of candidates you would get for a particular job is likely smaller than it otherwise would have been. The Financial Brand article points out that a 2021 Deloitte survey found that 40 percent of bankers feel their workforce is unprepared for the changes that will be required for future banking services. Combine that with the under 2 years of tenure that most millennials will work at a bank before moving on and the problem is starkly illuminated.

The article further goes on to talk about staffing bank branches and the inherent challenges there. This is a subject on which I have presented and written extensively. If you run your branches essentially like they have been for the last 30 years, is it any wonder that there is a lack of enthusiasm in working in one? The branch is the key area that should be the target of innovation, changing the whole focus of the branch from transactions to engagement. Then, you can staff that branch with younger employees that more closely align with the customers you are trying to attract. And even more important, have engagement activities in the branch that specifically target bringing in those younger prospective customers. Does that sound scary or ridiculous? I'll bet it sounds like a great job to a 24 year old that is looking to make a difference not just make a payroll.

Another place I looked to find insight was the blog of Jill Christensen. Jill has been a featured speaker at the FNBB Summer Conference and her writing is smart and timely. You can find her blog here –www.jillchristensenintl.com/blog. In a recent blog post titled "The Most Important Thing a Leader Must Do Post-COVID is This", Jill referenced Patrick Lencioni's bestseller, 5 Dysfunctions of a Team, specifically the advice to get the right people on the team. In addition to hiring for a values match, Lencioni says it's crucial to hire people who possess humility, hunger, and smarts. "If even one of these is missing," Lencioni says, "you are in trouble."

Jill follows this quote with her own insight "Rather than hiring people who have experience doing a certain job, hire people with a positive attitude – who possess humility, hunger, and smarts – and train them to do the job. As I always say, you can train any smart person to do any job. You can't train for values. Hire for a values match and teamwork will flourish – a critical component in our new world of work." Sage Advice.

Most financial institutions have formal policies for Diversity, Equity and Inclusion (DEI) and yet, we as an industry have a long way to go to really see a more diverse workforce. FNBB is no different and we are currently engaged in a concerted effort to increase the level of diversity that is represented in our workforce. But outside of race, gender and sexual orientation, there are other issues that work to limit the pool of candidates that we consider for a bank job. We look for those that already have bank experience but if most banks are not diverse, then how diverse would candidates be if they already work at a bank? Outside of direct banking experience, we often look for tangential experience, perhaps someone working at a mortgage, insurance or other similar company. But as Jill points out, there are potential employees out there that may not have the traditional background but who would make excellent employees, if given a chance.

As I write this, I just was introduced to a new FNBB employee who works in our deposit operations area. When I asked about her prior job before joining FNBB, she said she worked at a child daycare facility. Now the immediate thought might be, "What does working at a daycare facility prepare one for a career in bank operations?" The answer is – nothing. She is bright, humble and hungry and is eagerly working to learn her new job at FNBB. Moreover, she got the job because an existing FNBB employee used the daycare where she worked and decided that her attitude and work ethic was what mattered more than any specific knowledge of ACH or wires.

At the end of the day, we can teach anyone that is smart, hungry and humble how to do banking. What you can't teach is the attitude that it will take to adjust to how banking is changing over the coming years. As I have frequently said, "enthusiasm cannot be taught but it can be taught". If you bring in a young millennial to your institution and infuse them with your culture and teach them how to do the job for which they were hired, the key to retaining them is whether they feel that the job is meaningful. Take a millennial and tell them that it is important for them to be a banker, that banking / bankers serve an important place in society, etc. and I'm thinking their reaction would be ho hum … boring!

But what if they were the tip of the spear? What if your institution was embarking on a 5 year journey to transform your institution into one that will be specifically aligned to how young millennials and Gen Z's will want or need to do banking? And you are hiring younger, engaged millennials to be an integral part of this endeavor, and it is evident to everyone that the institution is serious about this transition across the entire enterprise, especially from the CSuite. Now that sounds like a job a millennial / Gen Z would want to sign up for.

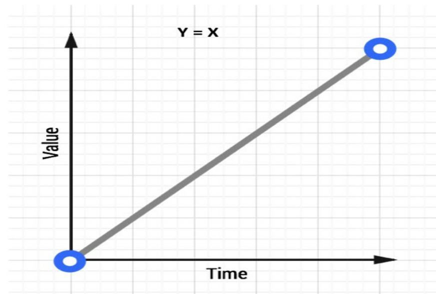
We must also consider that there is a difference in generational thinking. For example, those that identify as Gen X, an often overlooked generation, are today in senior leadership positions at financial institutions. Both the CEOs of FNBB and FNBB, Inc. are Gen X'ers. Gen X'ers are open to new ideas but generally are more likely to model their Baby Boomer parents than millennials. Some older millennials identify more like Gen X'ers. So what makes younger millennials and Gen Z's think so differently? Why won't they grow up and model their Gen X / Older Millennial parents? For one, they are digital natives and their expectations of services is driven by the nature of their consumption habits. When I explain to a baby boomer that there is an online gaming service that has 75,000 Millennials and Gen Z's that watch the e-gamers play, they are incredulous? Why would they do that? Well, how different is that from 75,000 of us pouring into the football stadium to watch an SEC football game? I don't have to personally understand or even agree with the consumption habits of millennials / Gen Z's to accept that it is real.

So let me share some thoughts directly to these generational groups:

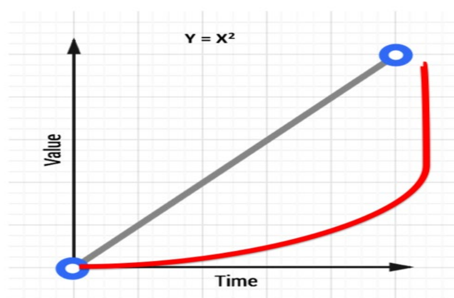
Key Advice To Baby Boomers – you can't fool the millennials / Gen Zs. If you talk a transformation game and don't follow through, then you will lose all credibility and they will jump ship. You must be authentic and genuinely seeking to change. It's OK to make mistakes along the way; hey, we can't be expected to know who all those performers were in the 2022 super bowl halftime. But we have to understand that our future customers DO know all those performers and they like what they see. So we need to enable their likes and preferences, both as customers and as employees to show that we will walk the talk.

Key Advice to Gen X'ers – you have an opportunity to bridge the Baby Boomer and M's/Gen-Z's behavioral gap. As leaders, you need to encourage the future leaders who are younger and strike a balance between how you were schooled to provide traditional services in a traditional way and encouraging the changes that will enable your institution to be relevant to tomorrow's younger customers. Here's a key indicator: How you feel about tattoos and how they start to show up uncovered in your retail spaces is a key indicator of the pace of change.

Key Advice to Millennials / Gen Zs – your generation is tagged with the label of quickly jumping from job to job, never staying around long enough to let a career develop. While it's an unfair label, it is not wholly unfounded. Here is a great graphic that exemplifies the career path that many young people follow:



They feel that their career works like a Y=X graph. If I spend X amount of time at a job, I will have achieved Y level of success (i.e.: annual salary, title, etc.). Unfortunately, we don't live in a Y=X world. Your career more likely to look like a $Y=X^2$ world (Forgot what that looks like? Here you go …)



Success builds slowly, so many younger workers feel that after X amount of time they are not advancing fast enough and quit to take another job, perhaps right before the success curve is going to take off! Of course, starting a new job means starting back at the beginning and the cycle continues. (Thanks to Michael Lee-Chin, Chairman of Jamaica's Economic Growth Council for providing this excellent example …) You can read my whole examination of this concept here - [Millennials and Y=X Thinking - David L. Peterson - (davidpeterson.com)]().

The point is that if you are offered an opportunity to work at a bank and you feel like you are not advancing as fast as you feel you should, take a good hard look at your situation and see if you are about to jump ship just as it might start getting really good. Have a serious conversation with your managers and share you frustrations and seek out the counsel of other senior officers whose opinion you respect. But don't just throw your sucker in the dirt and walk off.

All Baby Boomers, Gen X and Millennials / Gen Zs have amazing contributions to offer and we can learn a lot from each other. But the collaboration has to start at an infection point of common interest, which is to provide financial services in a manner that tomorrow's customers are interested in consuming. Working together, we can advance in a structured manner that takes our institutions to a place of significance, 3-5 years down the road. We can be open to the talents and expertise that will be needed tomorrow, while providing existing staff a path to upgrade and acquire new skills.