

Creating A Next Generation Banking Culture to Attract Next Generation Talent

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Many directors believe it's important for their institutions to address the shortage of younger financial services talent, yet there's often a lack of urgency around working on this "future problem." Consider this: it's expected that approximately 40 percent of the community banking workforce will consist of millennials within the next five years. In order to stay relevant, community banks not only need to ensure they are attracting and retaining millennials as customers, but also as employees. It's no secret that for millennials, banking isn't exactly considered the "sexiest" industry for employment opportunities. The good news is that as a service industry, banking has ample opportunity to exercise some creativity in its culture. There are five key areas to address now that will help attract and retain millennials to the community banking world.

Embrace cognitive diversity in the workplace. The bottom line is that millennials embrace diversity; not only in the traditional sense, but they also seek cognitive diversity within the workplace. This means that they want to be included and accepted for their thoughts and opinions. This group seeks a collaborative environment where they can impact work, bring value to the organization, and be recognized—through compensation and other means—for their efforts and ideas. Consider ways to bring employees into the decision-making fold at all levels. This approach actually has a secondary benefit: by allowing the broad workforce to feel empowered to create and implement ideas, banks can also begin to address the need for innovation and the need to develop competitive differentiation in order to remain successful.

Focus on social responsibility. It's well-known that millennials focus on a company's social responsibility when evaluating them as an employer. It is also known that ethics and integrity are important criteria, and that millennials are skeptical of the financial services

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industry in the wake of the mortgage crisis and the Wells Fargo scandal. Community banks in particular have ample opportunity to take meaningful action in the communities they serve and allow millennials to participate in socially beneficial causes they believe in. Allowing for input and ideas in determining what the organization will focus on and offering non-cash benefits like time off to volunteer can make this generation feel good about the work they're doing and may help change the perception of the banking as a career choice.

Invest in career development. Millennials want to take control and actively lead their career development. Banks can provide a multitude of opportunities to strengthen skills and allow millennials to develop as leaders. Millennials are looking for a coach, rather than a "boss," which they define as someone who is invested in their success. Establishing mentorships and leadership programs provide on-the-job training and reinforce the company's commitment to individual growth.

Increase Transparency. Transparency is vital to establishing trust and loyalty with this generation and it's a key to longer job tenure. An employer can provide transparency by ensuring millennials understand how their role contributes to the bank's success and how success is rewarded. It is important to collaborate to establish short- and long-term goals and detail the path to reach these goals, including training and opportunities for development. Millennials thrive on feedback and consistent dialog. Providing an avenue for two-way communication will help ensure success in this area and keep everyone engaged.

Align total rewards and performance management programs. As with most employees, effective compensation plans and performance management programs can help attract, retain, and motivate millennials. Providing a competitive base salary may not be at the top of their priority list, but certainly being rewarded for performance is important. In conjunction with regular feedback, recognition awards and incentive awards should also be a part of the compensation framework. Instead of annual performance reviews, it may be more prudent to provide frequent check-ins and real-time feedback. In addition, millennials welcome the opportunity to receive input on performance from peers and others in the organization.

The bottom line is that banks must create an engaging workplace culture where millennials feel welcomed, valued, and rewarded. Many banks have taken the lead on creating advisory boards consisting of millennials (both employees and people from the community) in order to ensure that they're doing the right things to attract and retain this generation as customers and as employees. Any bank that can be successful in achieving this will have created a competitive advantage in the marketplace.

About the Author

Kristine Oliver, a managing director in the Boston office, has nearly 20 years experience in all aspects of executive, board, and employee compensation, with a particular emphasis in banking. She has consulted to the community banking industry for nearly 15 years and leads the Northeast region for Pearl Meyer's banking practice.

About Pearl Meyer

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