

BankDirector.

Breakout 3:
**Winning the War for
Talent: Strategies for
Boards**

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#BBTF23

WINNING THE WAR FOR TALENT: STRATEGIES FOR BOARDS

Bank Director September 11, 2023

Alan J. Kaplan / Founder + CEO
Kaplan Partners

KAPLAN PARTNERS

- **Founded May 1, 1994; 29 years of executive talent & succession success!**
- **Retained executive search & board advisory for:**
 - Regional and community banking institutions
 - Wealth management and mortgage banking firms
 - Corporate financial search
 - Financial technology
- **Board Advisory Services for:** Director succession, performance, diversity, and recruitment
- **Executive Assessment Services for:** CEO succession & executive development
- **Over 100 Bank CEO Succession Assignments** for clients across 21 states
- Partner with ABA, ICBA, Bank Director plus 11 state associations
- Roughly 50% of executive placements 2020-2022 were diverse talent
- Since 2020, 87% of board placements have been diverse talent

TODAY'S LABOR MARKET DEMOGRAPHICS

- 4,644 bank charters as of 9/5/23; we may be close to 4,000 by 12/31/2026
- August 2023 National Unemployment Rate = 3.8% -- same as one year ago
- August 2023 Labor Force Participation Rate = 62.8%
- Still roughly 9.6 million Open Jobs & 5-6 million Unemployed Workers Today
- *College Educated Workers Unemployment Rate in August = 2.2%*

KEY TOPICS FOR TODAY

*Talent & Succession Management are the Keys to the Future,
and at Every Level of the Bank:*

- CEO Succession Highlights
- C-Suite Succession Tips
- Talent Management for “The Rest of Us”!

How “Flexible” do you Really Need to be Today?

SUCCESSION MANAGEMENT MATTERS MORE THAN EVER

- Regulatory Scrutiny of Succession Plans Remains High
- DE&I are on the Regulatory Radar Screen!
- A Reputation for Strong Talent Management enhances the bank's credibility in the market - along with customer & employee retention.
- CEO Succession is Every Board's #1 Responsibility!
- A lack of CEO and C-Suite Succession too often leads to the Sale of the Bank!

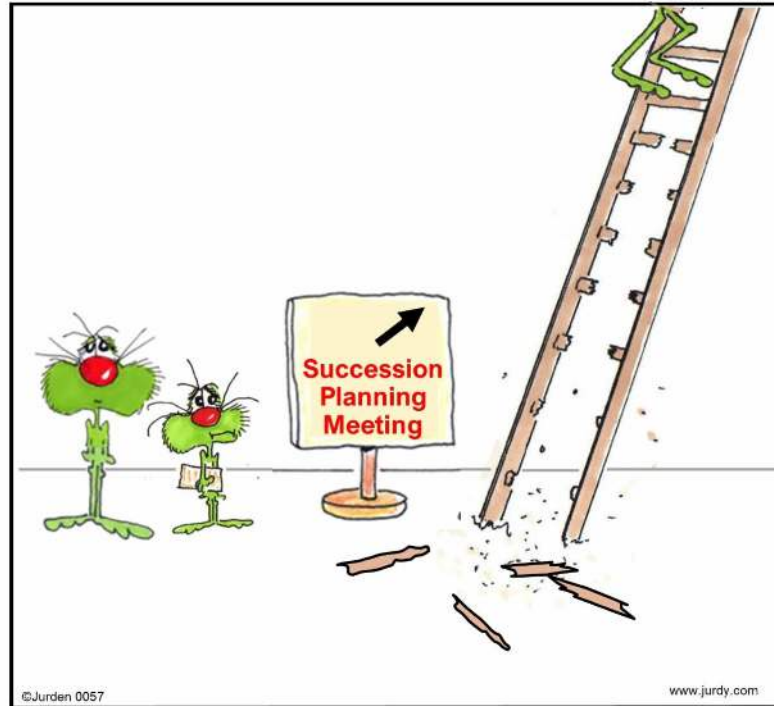
SUCCESSION MANAGEMENT MATTERS MORE THAN EVER

- 82% of people will Quit because of a Bad Manager.
- 43% of Managers say they are Burned Out!
- If “People are our most Important Asset” do we need to Realign Priorities and help managers to better manage? Training, Coaching, Mentoring...
- Review the bank’s approach to Performance Management given changing workforce dynamics!

THE WAR FOR TALENT: NEW REALITIES

- Multiple publications, including a recent ICBA Member Survey, consistently rank Attracting & Retaining Talent a Top Three Challenge for Boards!
- Wage increases now running roughly 4.2 - 4.5% above recent norms. The rate of increase has slowed from the 6-8% range last year.
- Wage increases expected to range 3.8 - 4.0% in 2024
- Workers without college degrees and the bottom 10% saw wages rise the most; up 17-22% from Q4 2019 to Q4 2022.

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CEO SUCCESSION HIGHLIGHTS

- Strategy Informs Profile
- Next in Line is not always Best in Line
- Time is Your Friend—USE IT!
- Context is Critical

C-SUITE SUCCESSION TIPS

- Hold Your CEO Accountable
- Compile Real Talent Development Plans
- Don't Just Listen to Your CEO
- Successors Must Be Scalable

BANKER'S HOURS

BY CHRISTOPHER WEYANT



"Is it too early to talk about succession planning?"

BANK-WIDE TALENT MANAGEMENT

- Develop a Philosophy Around Talent Development—30% of Workers Say They Will Move for a Perceived Better Career Path
- Strong, Truly “Strategic HR” is now Table Stakes
- View “Talent Acquisition” as a Core Function; Improve the Prospective Candidate Experience
- Ensure Compensation & Benefits are Truly Competitive
- Find an Assessment Tool that Aligns with your Strategy, Culture & Desired Behaviors. This will Reduce Mis-Hires.

CONSIDER ASSESSMENT TOOLS

STRENGTHS:

- Add objective perspective to candidate evaluation
- Reveals underlying personality traits
- Enhance understanding of natural candidate behaviors
- Avoid unconscious bias

CAUTIONS:

- Must be put into proper context
- Need clarity of role and desired cultural attributes
- Overemphasizing missing pieces—we all have them!
- Seeking perfection where none exists
- Are only one piece of the candidate puzzle

ASSESSMENT TOOLS

THE WHOLE CANDIDATE



FLEXIBILITY AND TALENT

- In-office workers spend 25% more time in career development, mentoring and training activities than remote colleagues according to WFH Research.
- “Proximity bias” is real! Are you unintentionally creating a double standard with some employees “in” versus “out”?
- Has the bank considered remotely hiring employees in high demand specialties, such as IT, risk & compliance, who are not located your core market?

FLEXIBILITY AND TALENT




FLEXIBILITY AND TALENT

CEO Magazine US Work Model Trends:

	Fully Remote	Hybrid Flexible	Hybrid With Set Days In	Fully On-Site
<u>2023</u>	5%	35%	13%	46%
<u>2022</u>	7%	47%	15%	31%

WHAT WORRIES ME IN 2023 AND BEYOND...

- The Potential 4-Day Workweek! (this did not register significantly pre-pandemic)
 - *82% of American workers would trade 5/8/40 for 4/10/40 for the same \$\$!*
- The Rise of Union Movements...service businesses are at risk!
- Firms that avoid Strategic Thinking about Talent, Career-Pathing and Succession Management due to Wishful Thinking about benefitting from a Soft Economy or Potential Downturn. The Long-Term Demographics are too Problematic!
- Boards that fail to accept their Responsibility for CEO and Director Succession!



THE FUTURE OF BANKING WILL BE ALL ABOUT CAPITAL, LIQUIDITY AND TALENT. BEYOND ABUNDANT CAPITAL, SUCCESSFUL INSTITUTIONS WILL NEED THE STRONGEST POSSIBLE TEAM OF HIGHLY TALENTED BANK LEADERS, DIRECTORS, AND PRODUCERS, TO SURVIVE AND THRIVE IN THE FUTURE.

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ALAN J. KAPLAN

FOUNDER + CEO

- 35 years in executive search and talent assessment
- Credit-trained corporate banker
- Industry leader in bank succession and talent management
- Led over 100 President/CEO/COO succession assignments across 21 states to date
- Former Penn Liberty Bank advisory director
- National Association of Corporate Directors *Certified Director & Board Leadership Fellow*
- National speaker and author for industry associations on corporate governance, talent management, and leadership succession
- Director, Fischer-Shain Center for Financial Services, Temple University Fox School of Business
- Former Global Board of Directors, Association of Executive Search & Leadership Consultants