

Breakout I: Making the Most of Your Bank Officer Titling Practices

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There are both opportunities and potential pitfalls when it comes to structuring officer roles, determining titling structures and making promotion decisions. In this age of heightened talent retention concerns, the need for consistent, steady leadership and transparency at all levels in a financial organization is high.

What we'll cover today:

- Recent survey data on how peers are approaching officer job titling
- Why officer titling is important
- What you can do to maximize opportunities and eliminate pitfalls

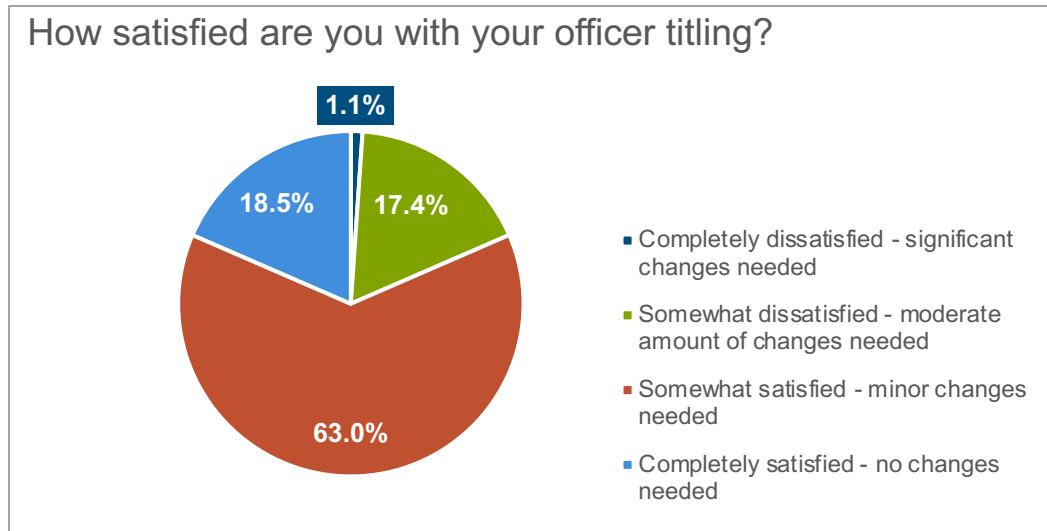
How Satisfied Are You With Your Officer Titling Practices?

- 1) Completely dissatisfied – significant changes needed
- 2) Somewhat dissatisfied – moderate changes needed
- 3) Somewhat satisfied – minor changes needed
- 4) Completely satisfied – no changes needed



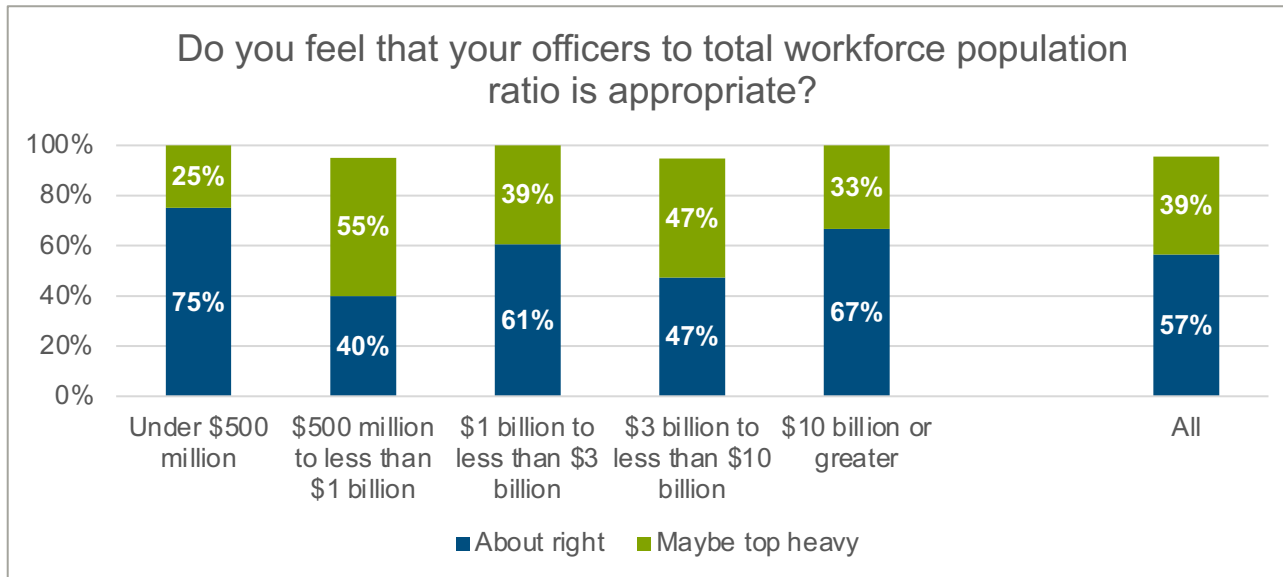
Officer Titling & Organizational Satisfaction

- Less than 20% are completely satisfied with the way officer titling is determined while 63% are somewhat satisfied and feel minor changes are needed.
- Financial institutions with assets over \$3 billion are less satisfied and feel that moderate amounts of changes are needed.



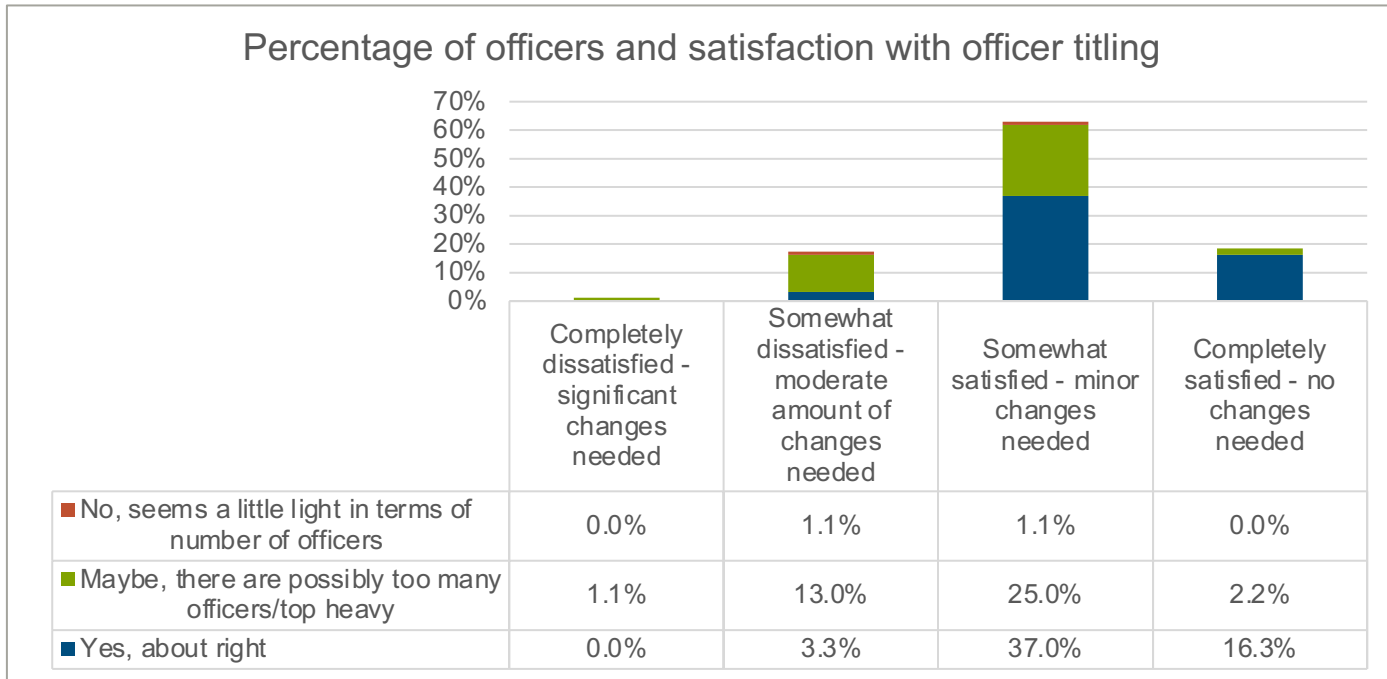
Is Your Organization Feeling Top Heavy?

- There were not big differences in percent of population who are officer level across asset sizes, yet some asset categories report that they may be top heavy, most notably the \$500 million - \$1 billion (55%) and \$3 billion - \$10 billion (47%) ranges feeling that they may have too many officers.



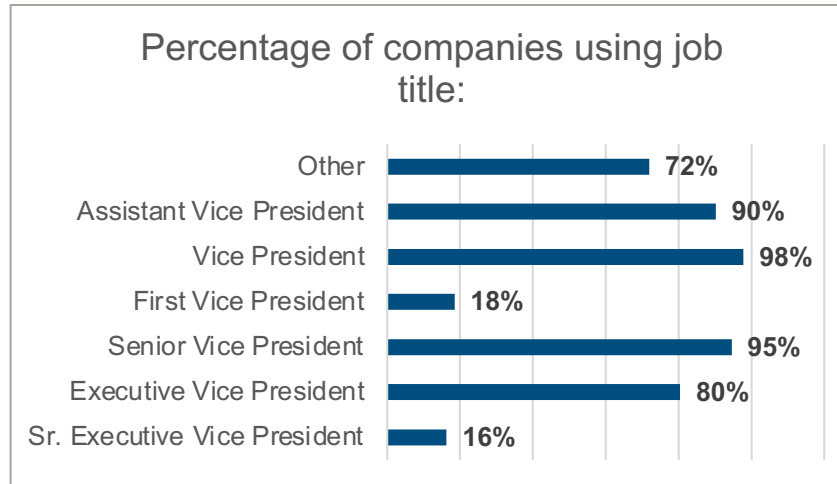
Perception of Top-Heaviness vs. Satisfaction

- Organizations that feel they may be officer top heavy are more likely to be somewhat dissatisfied with the officer titling process and feel that moderate changes are needed.



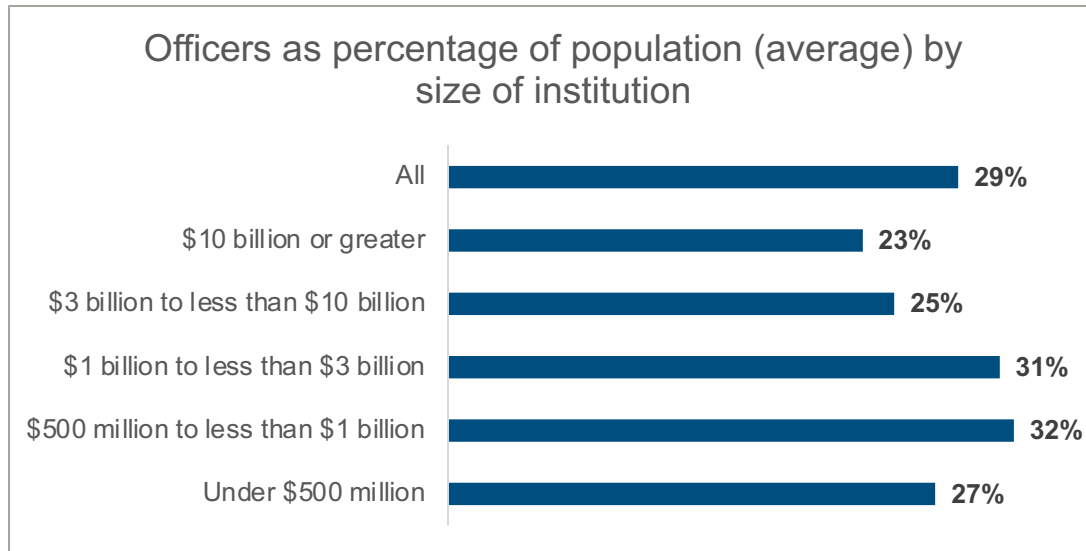
What Titles are Organizations Using to Classify Officer Level Roles?

- The most widely used officer titles amongst participants are assistant vice president (AVP), vice president (VP), and senior vice president (SVP). Nearly all organizations use these titles.
- The most widely used title is vice president with 98% of participants indicating usage, followed by senior vice president with 95% utilizing this title.
- Slightly more than two thirds of the organizations used other job titles for officers in addition to those that were suggested in the survey (we did not ask for “other” titles).



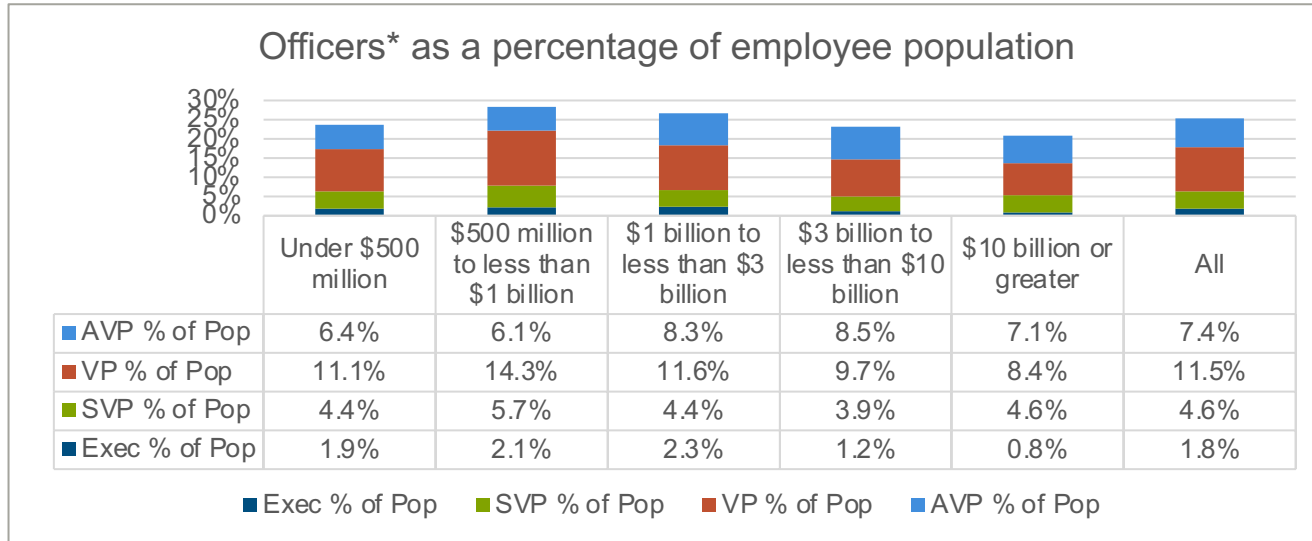
Ratio of Officer-Level to Overall Employee Population

- The percentage of officer-level employees to the overall employee population averaged 29%, ranging from 23% in the largest organizations to a high of 32% in the \$500 million - \$1 billion asset-size category.



What Title Represents the Largest Percent of Overall Employee Population?

- Breaking down officer representation as a percent of total employee population, we combined Sr. EVP and EVP into an “executive” category and first vice president and vice president into a “VP” category.
- Across all asset sizes, the largest population of officers is at the **VP level**.



*Officers minus the “other officer” category

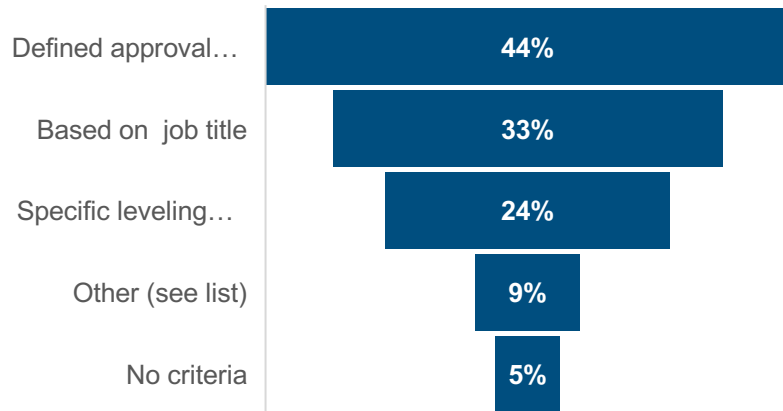
How Do You Determine Officer Titles in Your Bank?

- 1) Tenure & performance
- 2) Job responsibilities
- 3) Tied to approval authority
- 4) External facing – i.e., Loan Officers
- 5) Other



Criteria for Officer Title

Do you have a process or use specific criteria in giving a job/role an officer title?



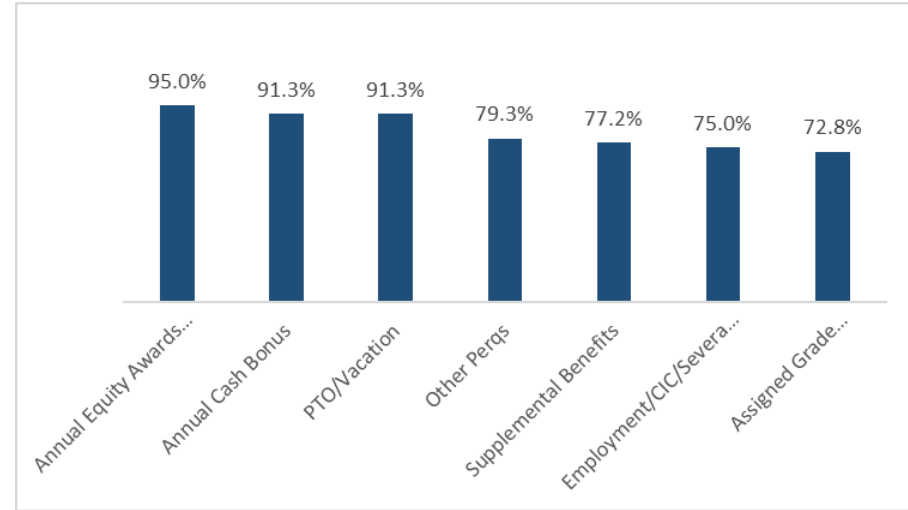
Other criteria used:

- Review for consistency across job grades for title to ensure an objective data point is reviewed
- Position and performance of the employee
- Peer group and time-based promotions
- Contributing experience level
- Experience, time in current role, etc.
- Signatory requirements to 3rd parties
- Based on size of department, level of responsibility

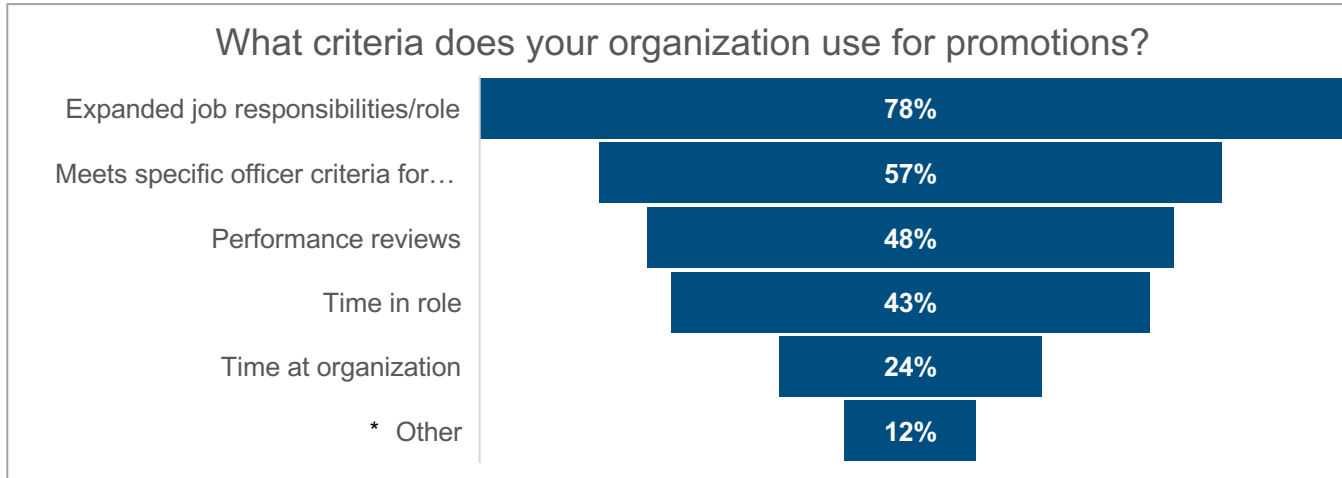
What is Tied To Title?

Benefits and Perquisites Offered to Officer Levels

- The most widely used benefits and perquisites based on officer title are annual cash bonus and enhanced PTO/vacation (91%).
 - Annual incentive opportunity based on officer title has the potential to create pay equity issues if the organization does not have specific and defined leveling criteria.
- 95% of public banks offer equity grants to their EVP and Sr. EVP levels and just under 60% offer this benefit to SVP level officers.



Criteria for Promotions to Officer Level



* Other promotion criteria:

- Level of customer interaction
- Their specific job title/function
- Leadership capabilities and demonstrated core competencies defined for each level
- Combination of job responsibility, individual performance, and historical practice
- Qualifications and experience
- Request by management and/or management recommendation

Why Does Officer Titling Matter?





Importance of Leveling

- Job levels should provide consistent standards for leadership roles in defining the level of work performed, such as scope, complexity, impact, community partnering, and people & resource management
- Accurate and consistent leveling and titling are foundational to ensuring:
 - Proper alignment of positions (and employees) to market and salary ranges
 - Appropriate internal relationships among leaders
 - Leadership levels that are internally equitable and externally competitive
- In addition, with leaders aligned to the appropriate level, organizations can better ensure leaders:
 - Clearly understand what is expected of them in the role
 - Understand how they fit within the organization
 - That they are appropriately compensated for the level of work they are performing
- Organizational benefits of consistent and accurate leveling include:
 - Greater employee engagement and satisfaction due to clarity around expectations
 - Helps to minimize turnover
 - An opportunity to provide targeted learning and development to help leaders move up to the next level



What You Can Do To Maximize Opportunities and Eliminate Pitfalls

- Create a process and tool(s) for job leveling and use consistently
- Ensure that the job leveling focus in on the role, not an individual's performance
- Use a consistent set of standards that tie role responsibilities to strategic and annual plans
- Create a process for promotional decisions that consistently looks at performance and leadership competencies



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