



The War for Attracting Talent in Banking: New Realities, New Strategies

BankDirector.
#BDComp22

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Kaplan Partners

THE WAR FOR TALENT IN BANKING

Bank Director Compensation & Talent Conference
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Kaplan Partners

KAPLAN PARTNERS

- **Founded May 1, 1994; 28 years of talent & succession success!**
- **Retained executive search & board advisory across the banking & financial services sector:**
 - 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
- Partner with Bank Director, ABA, ICBA plus 10 state associations
- Over 50% of 2020 & 2021 executive placements were diverse talent
- Since 2020, 83% of board placements have been diverse talent

KEY TOPICS FOR TODAY

- Why Talent & Succession Management are More Vital Than Ever
- New Realities of the War for Talent
- Six 2022 Talent Management Best Practices

TALENT MANAGEMENT MATTERS MORE THAN EVER

- Regulatory Scrutiny of Succession Plans Rising for All C-Suite Roles.
- DE&I are on the Regulatory Radar Screen!
- Is your bank a “Talent Destination” or a place where “Talent Departs”?

Employees, customers, competitors, communities, shareholders are all watching!

- Good Talent Management impacts the bank’s credibility in the market - along with customer & employee retention.

TODAY'S LABOR DEMOGRAPHICS

- 4,754 bank charters as of 10/24/22; we may be close to 4,000 by the end of 2025
- September 2021 National Unemployment Rate = 4.7
- September 2022 National Unemployment Rate = 3.5%
- September 2022 Labor Force Participation Rate = 62.3
- Roughly 10 million Open Jobs & 6 million Unemployed Workers Today.
- *College Educated Workers Unemployment Rate = 1.8%*

THE WAR FOR TALENT: NEW REALITIES

- 2022 ICBA Member Survey ranked Attracting & Retaining Talent a Top Three Challenge for 2022, just behind Increasing Loans and Increasing Earnings. *Nothing else came close!*
- Base level salary increases running roughly double recent norms. Mid-Year Raises or One-Time Payments Becoming Standard.
- Workers without college degrees seeing wages rise the most; their lowest acceptable wage for a new job has risen 16.5% from the end of 2019 to the end of 2021.
- 63% of Executives Plan to Adjust Compensation due to Inflation.

THE WAR FOR TALENT: NEW REALITIES

According to a 2022 Grant Thornton survey...

- 33% of people are actively looking for a new firm and role.
- 54% are not actively looking but open to change.
- 79% want flexibility when and where they work.
- 40% of workers will look for a new job if forced back to office full time.
- 45% don't believe their employer understands their needs.

THE WAR FOR TALENT: HOW WORKERS *FEEL*

- 66% of workers feel they are experiencing burnout.
- 55% of workers are feeling like they are spread too thin.
- 49% of workers say they are experiencing anxiety.
- 38% of workers say they are working extra hours without more money.
- 34% of workers say they are experiencing physical stress symptoms.

6 TALENT MANAGEMENT BEST PRACTICES

1. Culture & Values Matter
2. Enhance the Candidate Experience
3. Consider Assessment Tools to Reduce Potential “Mis-Hires”
4. Employee Flexibility is Here to Stay
5. What Workers Want
6. Revisit Approach to Compensation, Talent & Hiring Strategies

VALUES & CULTURE MATTER

1. Strengthen the Commitment to Career Development & Continuing Education...30% of workers will move for a better Career Path!
2. Enhance Mentoring Programs at all levels. Knowledge Transfer!
3. Revamp New Employee Onboarding: The First 90 Days are Critical! Especially for Hybrid/Remote Employees.
4. Boost Training & Special Project Opportunities across the board.
5. Seeking a more Diverse Workforce requires Different Thinking.

THE CANDIDATE EXPERIENCE

- What kind of impression does your hiring process create?
- Is your bank's "system" set up to respond rapidly to hot prospects?
- Are your managers extremely well trained in interviewing skills, and have you adapted your interview processes to optimize virtual interviews?
- Sell, sell, sell. This is not a Broadway audition!
- Accept that the Cost to Hire has gone up. So has the Cost of an Important Role left open for months!

CONSIDER ASSESSMENT TOOLS

STRENGTHS:

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

CAUTIONS:

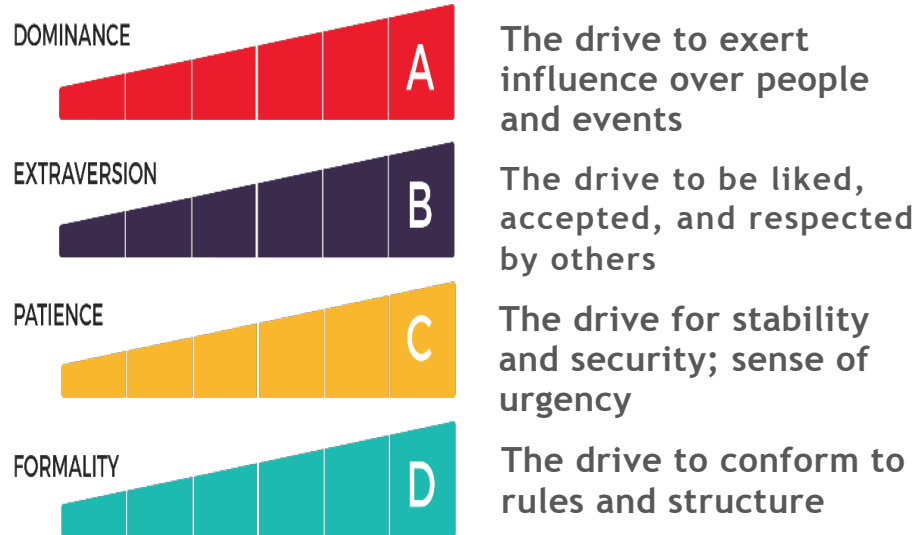
- Must be put into proper context
- Need clarity of role and desired cultural attributes
- Overemphasizing missing pieces—we all have them!
- Seeking perfection where none exists
- Are only one piece of the candidate puzzle

ASSESSMENT TOOLS

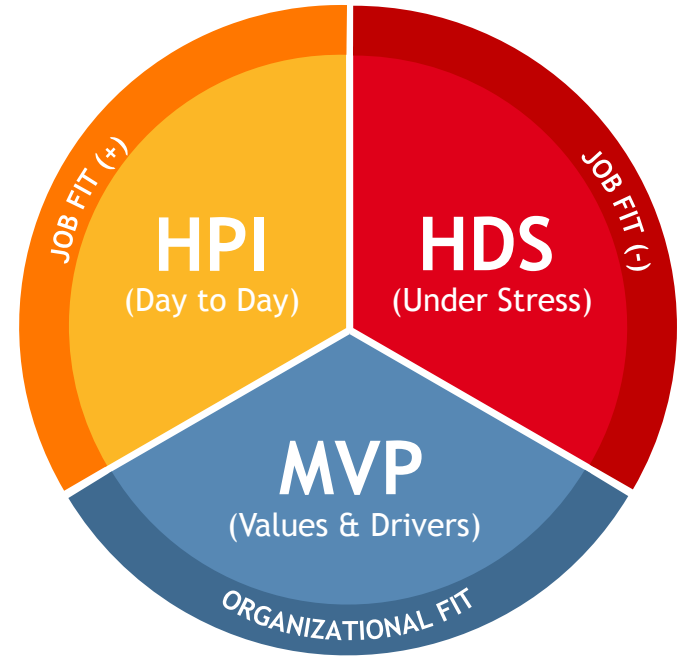
THE WHOLE CANDIDATE



PREDICTIVE INDEX



HOGAN ASSESSMENT



FLEXIBILITY AND TALENT

- Remote Work Expectations: According to the University of Chicago, Employers on average are want 20-25% of remote work time; Employees want 40-50% of the time!
- Be mindful of the new “two tier” workplace! Are you unintentionally creating a double standard with some employees “in” versus “out”? Gauge productivity!
- How are you assisting middle managers to navigate performance management & developing workers who they now see much less frequently in person, if ever?
- Are you willing to consider remotely hiring employees in high demand specialties, such as IT, risk & compliance, who are not located your core market?

WORKER PRIORITIES

- | | |
|------------------------------|-----|
| 1. Salary | 83% |
| 2. Remote Work | 77% |
| 3. Flexible schedule Options | 63% |
| 4. Health Insurance | 63% |
| 5. Vacation Time | 62% |
| 6. Retirement/401(k) | 50% |

Four-Day Workweek! 29% (did not register significantly in the past)

➤ *82% of American workers would trade 5/8/40 for 4/10/40 for the same \$\$!*

REWARDS AND COMPENSATION

Revisit Rewards Programs at Every Level; Pay For Performance is critical!

- Accept that Compensation is Rising for All Employees.
- Enhance the incentive potential, both short and long term.
- Is there an equity or equity-like component to compensation to lock folks in?
- You Must Differentiate High Performers; True “A” Players are Worth the Investment
- Counteroffers on the Rise...BUT 50% of Employees would ACCEPT ONE!
- Think “out of the box” on Creative Retention/Benefit Programs:
 - *Student Loan Repayment; Mental Health Benefits; Pet Insurance*

PET INSURANCE?



CREATIVE HIRING STRATEGIES

- 4-Year College is not the answer for many. Send teams into local high schools or Community Colleges on career days to talk about careers that DO NOT require a 4-Year degree. Then remind students that if they want to get a degree, you are committed to continuing education and have a tuition reimbursement plan.
- Pay attention to your bank's digital presence from a hiring perspective. Add stories about new hires/promotions to the Home Page of your website.
- Consider bringing back retired workers on a part-time basis. Stay close to workers who left for “greener pastures” as the color may have changed!

REVISIT HIRING STRATEGIES

- Has Human Resources brought forward a plan for Career Pathing & Talent Development, especially for High Potentials?
- Is there a Bank-wide Strategy to foster Camaraderie & Peer Relationship-Building to Boost Retention, especially with Hybrid Employees?
- Reassess your bank's recruiting strategies and talent team.


SUMMARIZING THE WAR FOR TALENT: KEY MISTAKES TO AVOID

- Tapping the Same Old Pool & Places; Think Differently! Be Proactive!
- Moving Too Slowly: The Hiring Process must be Streamlined!
- Not considering Assessment Tools to Avoid Mis-Hires.
- Not committing to a Remote/Flexible/Hybrid Work Strategy.
- Avoiding Necessary Adjustments to Compensation & Benefits
- Failing to Sell Yourself and Your Bank!

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*THE FUTURE OF BANKING WILL BE ALL
ABOUT CAPITAL 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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