**Easy, economical steps to develop and retain your bank's most important asset - its employees**

*By Alan J. Kaplan*

Few senior community bankers today would disagree that despite the banking industry's continued consolidation, the need for strong banking leadership is more important than ever. The true drivers of value for customers and institutions are employees. In the battle to remain competitive, some community banks are increasingly finding that without the sufficient talent, they cannot win in the marketplace.

What can community banks do to ensure that they have the necessary management leadership talent?

It comes down to becoming a learning organization and developing a strong internal pipeline of future potential leaders. Some community banks think they cannot afford to develop future management leaders. But the reality is that all banks cannot afford not to invest in the future leadership of their institutions. Thankfully that investment does not need to be costly.

**Meet the Author**

Alan J. Kaplan will lead a workshop titled "Strengthen Your Senior Team Now and Develop Long-Term Succession" at the ICBA National Convention and Techworld on Tuesday, March 13.

Here is a quick list of some steps any community bank can take to start developing future senior management leaders:

- **Evaluate where you are.** Take an honest assessment of the talent throughout your community bank, even if this means using an outside resource to provide an objective perspective. Start identifying who has upside potential and is worth investing in.

- **Get your board involved.** Directors should interact with your bank's potential, but not with every employee who attends a training seminar. Allow exposure to each other, and for the board to provide selective mentoring where appropriate as well.

- **Find training.** Research the leadership training programs with ICBA and your state banking association as well as local college and continuing education courses. There are plenty of reasonably priced classes and online seminars, which is a great way to get started.

- **Start mentoring.** The personal involvement in leadership development by top management (particularly the CEO) is a great motivator and retention tool for your community bank's up-and-comers. Also consider a cross-mentoring program where senior executives in one area mentor high potentials in another department. This is easy—and free!

- **Mix it up.** Rotate your community bank's better people into new areas of responsibility. Not every position change for leadership development requires a step up—many productive career moves are lateral. Give people meaningful exposure to other areas of your bank if they are really contenders for a future top job. You can't afford not to, even if it means moving someone out of an important role and allowing someone new to step up in their place. Well-rounded banking skills are crucial for future leaders, and getting harder and harder to find.

- **Hire experts.** Consider outside coaching for your true future leaders—the handful of folks who could someday run your community bank. At some level, managing succession planning and leadership development becomes less about technical competency and banking knowledge, and more about how people manage and lead others.

**- Send staff to conferences.** Send your top people to industry conferences, whether national, state or private organizations. There is not only strong content at many such gatherings, but the development of peer relationships with non-competing fellow bankers is vital.

Some community bank boards and CEOs worry that they might make the investment of time and money in their rising stars, only to have them poached by rival banks. This risk cannot be ignored, but can be mitigated by several key actions:

**- Meet in the middle.** Train your community bank's managers how to lead and develop up-and-comers. People join organizations and leave managers, according to an old adage. If your middle managers are not on board with developing future leaders, your bank's human capital investment may indeed be at risk.

**- Challenge people.** Stretch and challenge your best employees. Those "young whippersnappers" have broad shoulders, technological savvy and intelligence, which at times can rival their predecessors'. What they lack is experience. Challenge them and they will rise to the task.

**- Pay them.** Your best employees should be the most highly rewarded. Many community banks continue to give everyone the same percentage raises and incentive pay in the name of internal equity. This is counter to a primary tenet of performance management: The 20 percent of your bank's employees who perform the best and drive the most value must be retained; give them the lion's share of rewards, and they will be more likely to stay. Paying more to average performers who are unlikely to leave anyway is not a savvy investment.

The truth is that these talent initiatives do not need to be big or fancy. And for community bank boards and CEOs who accept the premise that "people are our most important asset," investing in the future leadership should come naturally.

---

Alan J. Kaplan is founder and CEO of Kaplan & Associates Inc., a retained executive search and talent advisory firm in Philadelphia that focuses on serving community banks.