



# TALENT MATTERS.

EXECUTIVE SEARCH | BOARD ADVISORY | MANAGEMENT ASSESSMENT

# THE WAR FOR TALENT IN BANKING: PANDEMIC UPDATE EDITION

MID-ATLANTIC CEO FORUM  
NOVEMBER 9, 2021

ALAN J. KAPLAN / FOUNDER + CEO  
KAPLAN PARTNERS

# KAPLAN PARTNERS

- Founded May 1, 1994; 27 years of 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
- Management assessment services for: CEO succession & executive development
- Partner organization with ABA, ICBA, Bank Director plus 9 state associations
- Over 50% of 2020 & 2021 executive placements were diverse talent
- Since 2020, 78% of board placements have been diverse talent (Average = 59%)

# ALAN J. KAPLAN

FOUNDER + CEO

- 34 years in banking executive search and talent assessment
- Credit-trained corporate banker
- Industry leader in bank succession and talent management
- Led 80 bank 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

## 4 TOPICS FOR TODAY

- Why Talent & Succession are More Vital Than Ever
- CEO & Executive Succession
- 5 Pandemic-Driven Talent Management Best Practices
- Board Succession Dynamics

# WHY TALENT & SUCCESSION MATTER

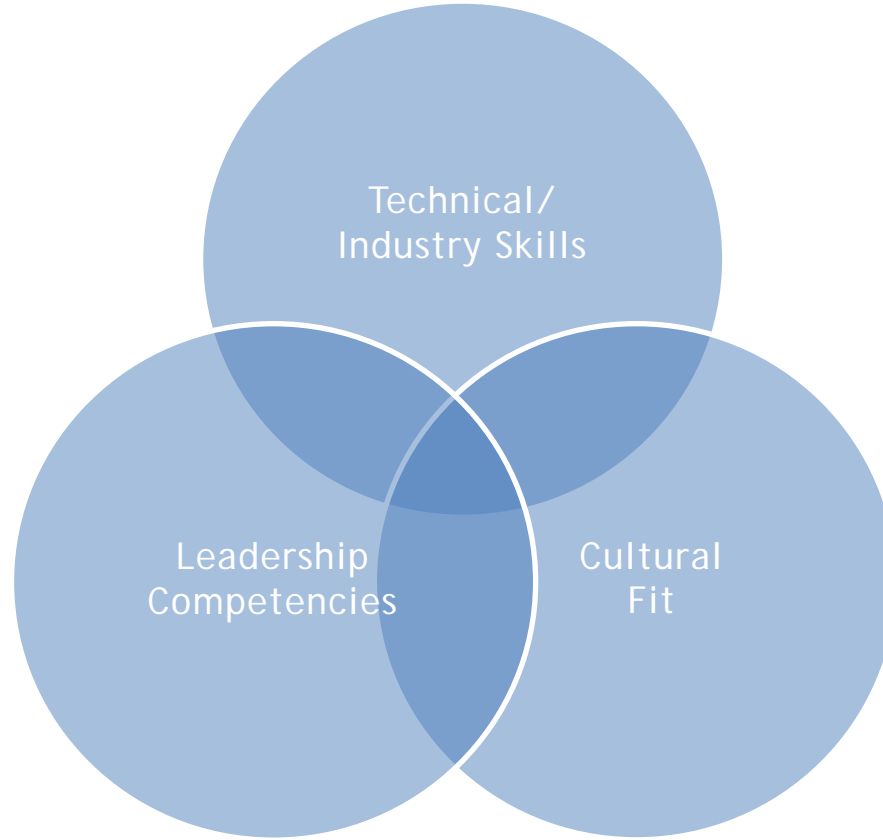
- Leadership Succession & Selection is #1 Responsibility of Bank Directors.
- Boards in turn Must Hold CEOs Accountable for Development of a Superior Team to Execute the Plan.
- Regulatory Scrutiny of Succession Plans Rising for All C-Suite Roles.
- Continuity of Leadership Promotes Continuity of Strategy
- Employees, customers, competitors, communities, shareholders all watching!
- Good Succession Management impacts the bank's credibility in the market - along with customer & employee retention - based on handling of leadership transitions.
- Well groomed successors are proven to perform better and reduce the likelihood of a sale or merger.

# WHY TALENT & SUCCESSION MATTER

- Pre-pandemic run rate of losing roughly 50 banks each quarter.
- 4,912 bank charters as of 11/5/2021; we'll likely be under 4,000 by 2025
- September National Unemployment Rate = 4.6%
- College Educated Workers Unemployment Rate = 2.4%

# CEO & EXECUTIVE SUCCESSION

THE EXECUTIVE SWEET SPOT: WHERE SUCCESS ALIGNS





# SUCCESSION DRIVEN STRATEGIC ALIGNMENT

*A critical and often unappreciated variable in CEO succession and executive talent strategy is the bank's strategic direction:*

- Where is the bank heading, and are the board and management properly aligned?
- *Strategy Informs Profile!* What lens are we looking through?
- If we believe that we will need different skills & leadership competencies for the future, up and down the organization chart, do we know what they are?
- Have we spent our lead time wisely and done all we can to best prepare our high potential employees for their next role, including potentially as CEO?

# CEO SUCCESSION DYNAMICS

- What is the Timeline of CEO Succession , and is it Executive or Board Driven?
- Begin the CEO Succession Planning Process Well Ahead of Time
- Formation of *Succession Committee* and Craft a “CEO Blueprint”
- When is the “Formal” Process Launch or a Pending Retirement Announcement?
- How much Overlap is Desired, *or Needed*, for the Transition?
- Is there an official role for the departing CEO after Transition?
  - Does the prior CEO remain on the Board, and if so for how long?
  - Would the prior CEO become Chairman, if not already?
  - How will the departing CEO handle this change??

# A POTENTIAL CEO SUCCESSION TIMELINE

## Approximate Months from T-Day (Transition Date)

- 36-30: Comprehensive Review of Strategy and Alignment
- 36-30: Formation of Succession Committee & Development of Future Leader Blueprint
- 30-24: Robust Assessment of the Executive Team
- 30-24: Implementation of Development Plans and Rotation of Assignments
- 18-12: Review Progress of Developmental Programs
- 18-12: Refine T-Day Timeline and Predecessor Role
- 12-6: Selection of Internal Successor, AND/OR Determine Whether to Search Externally
- 6-3: Begin Transition of Select Roles & Responsibilities; Finalize Compensation
- 0: T-Day! Successor Officially in Complete Charge; Key Symbols of Power Shift;
- 3-6+ Revise Emergency Succession Plan

# 5 POST-PANDEMIC TALENT MANAGEMENT BEST PRACTICES

1. Focus on the Candidate Experience
2. Navigating DE&I
3. Consider Assessment Tools to Reduce Potential “Mis-Hires”
4. Employee Flexibility is Here to Stay
5. Revisit Total Rewards Programs

# THE CANDIDATE EXPERIENCE

- What kind of impression does your hiring process create?
- Are your managers extremely well trained in interviewing skills?
- Have you adapted your interview processes to optimize virtual interviews?
- Are you able to react quickly and make decisions on high demand candidates?
- How are you onboarding new hires, particularly when some workers may remain remote for an extended period?

# DIVERSITY, EQUITY & INCLUSION

## NASDAQ & CALIFORNIA ARE LEADING THE WAY AT THE BOARD LEVEL

- Is your bank crafting position profiles written in an “inclusive” fashion?
- Are you truly looking for diversity in your candidate pools by fishing in “different ponds” , or are you following the same historical patterns?
- Has your bank conducted Unconscious Bias Training to reduce the inherent impact of human nature?
- Do your Board and Executive Team mirror the values of DE&I that you are attempting to represent?
- Have you utilized any assessment tools to add objectivity to your hiring process?

# 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





# EXAMPLE: PREDICTIVE INDEX BEHAVIORAL DRIVES

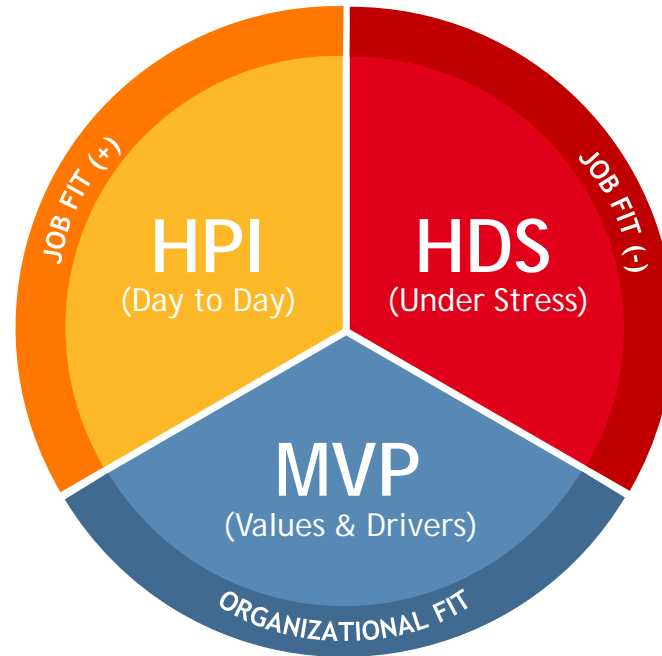
The drive to exert influence over people and events

The drive to be liked, accepted, and respected by others

The drive for stability and security; sense of urgency

The drive to conform to rules and structure

# EXAMPLE: HOGAN ASSESSMENTS



# FLEXIBILITY AND TALENT

- Have you clarified your bank's policy on remote work, near term and long term?
- Be mindful of the new "two tier" workplace! Are you unintentionally creating a double standard with some employees "in" versus "out"?
- How are you assisting middle managers in overseeing and developing workers who they now see much less frequently in person, if ever?
- How willing are you to consider remotely hiring employees in high demand specialties, such as IT, risk & compliance, who are not in your core market?
- How are you navigating performance management with remote workers?
- Whether good or bad, employee expectations for flexibility are extremely high!

# FLEXIBILITY AND TALENT—A NEW TREND?

- 73% of PwC's employees can now permanently work from anywhere in the Continental US (40,000 out of 55,000 workers)

# 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
- Change of Control Protections Standard for Executive Hires
- Counteroffers on the Rise
- Think “out of the box” on Creative Retention/Benefit Programs:  
*Home Leave; Student Loan Repayment; Pet Insurance*

## PET INSURANCE?




# KPMG'S LATEST MOVES

- Reducing employee healthcare premiums by 10% in 2022
- Replacing 401(k) match with automatic 6-8% employer contributions
- Increased paid caregiver time off to assist family in time of need (not part of PTO)
- 12 weeks of paid parental leave for both parents
- Twice yearly firm-wide shutdowns for a week each time
- Fine-tuning of the hybrid work model continues

# BOARD SUCCESSION

- Boards are Getting Older (Average Age 63 & Rising)
- Tenure and Retirement Ages Rising
- New Director Additions Must be Skill-Driven; Conduct a “skills gap analysis”
- Bank Boards Need *More Diversity of Perspective*; how and where are you seeking your next generation of Directors? You may need new “fishing ponds”
- Enhance Board Performance & Accountability; *Self & Peer Evaluations* the New Norm
- Revisit Director Compensation, Which is Often Inadequate
- Enhance Focus on CEO and Leadership Succession
- Board Succession is a Process, *Not an Invitation*
- *Proactively Plan for Board Refreshment!*





*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.*

— ALAN J. KAPLAN / FOUNDER + CEO

# ALAN J. KAPLAN

FOUNDER + CEO

ALAN@KAPLANPARTNERS.COM

610 642 5644

KAPLANPARTNERS.COM