

Maximizing Your Bank's Return...

on People

Strategies for Success in Today's Challenging Talent Market



Today's Speaker

Karen DiGioia

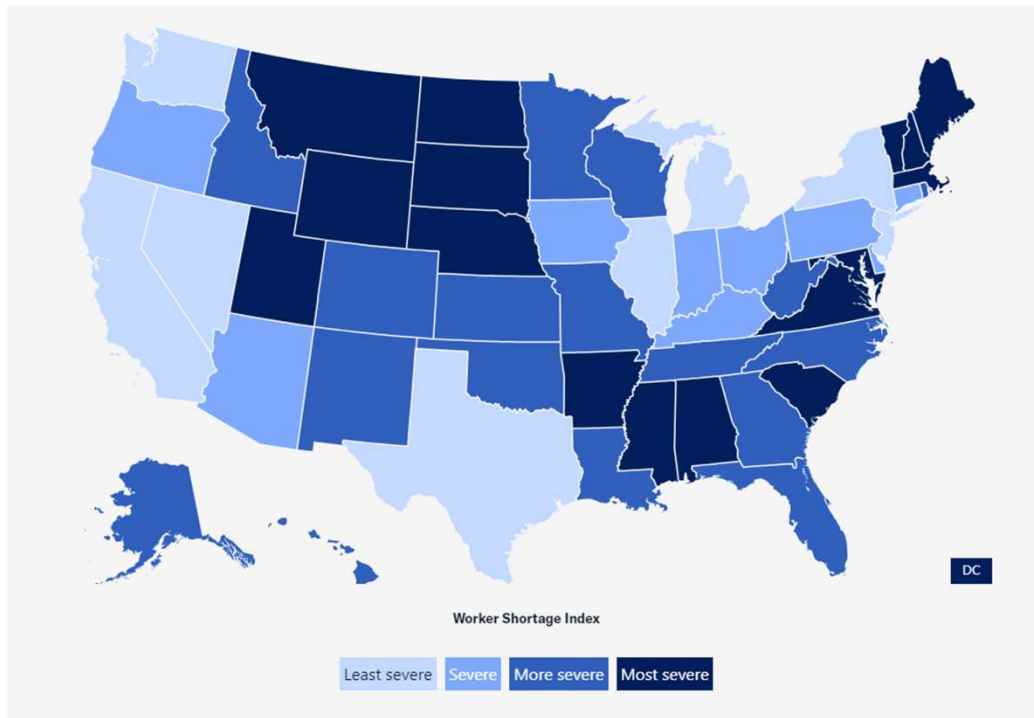
- VP and Practice Lead -
Total Rewards
- Herbein HR Consulting



Agenda

1. The state of the labor market and the importance of achieving an organizational shift in mindset from looking at people as expenses to seeing them as an investment crucial for overall success.
2. Key areas to invest in to maximize your ROP:
 - Human Resources
 - Total Rewards
 - Attracting Talent
 - Retaining Talent
3. Key questions you should be asking to assess your bank's performance and readiness to maximize its ROP.

Workforce Trends



47.7M quit jobs in '23
50.5M quit jobs in '22
(23.14M thru June '24)

Layoffs/discharge rate 1.0%
per month

U.S. Unemployment 4.3%

Labor Participation (25-54);
Jan '20 (83.1%) vs. June '24
(62.7%)

.6 unemployed persons per job
opening
(.9 in Jan '20)

Continued growth of the "gig
economy"

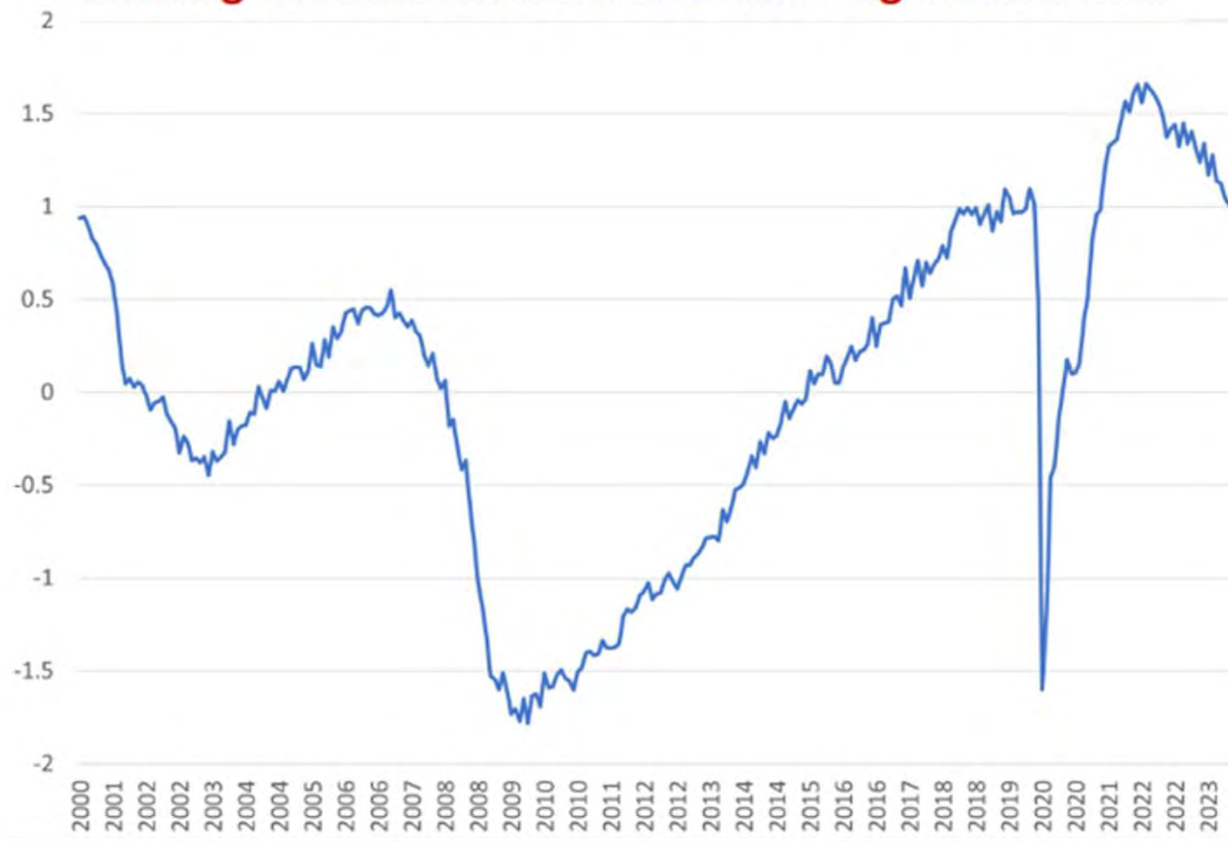
Baby Boomers will all be 65+
by 2030

Since 2016 - 37% of the top
20 skills have changed, 1 in 5
are new

Childcare costs (US AVG
\$18.9K/year) and access

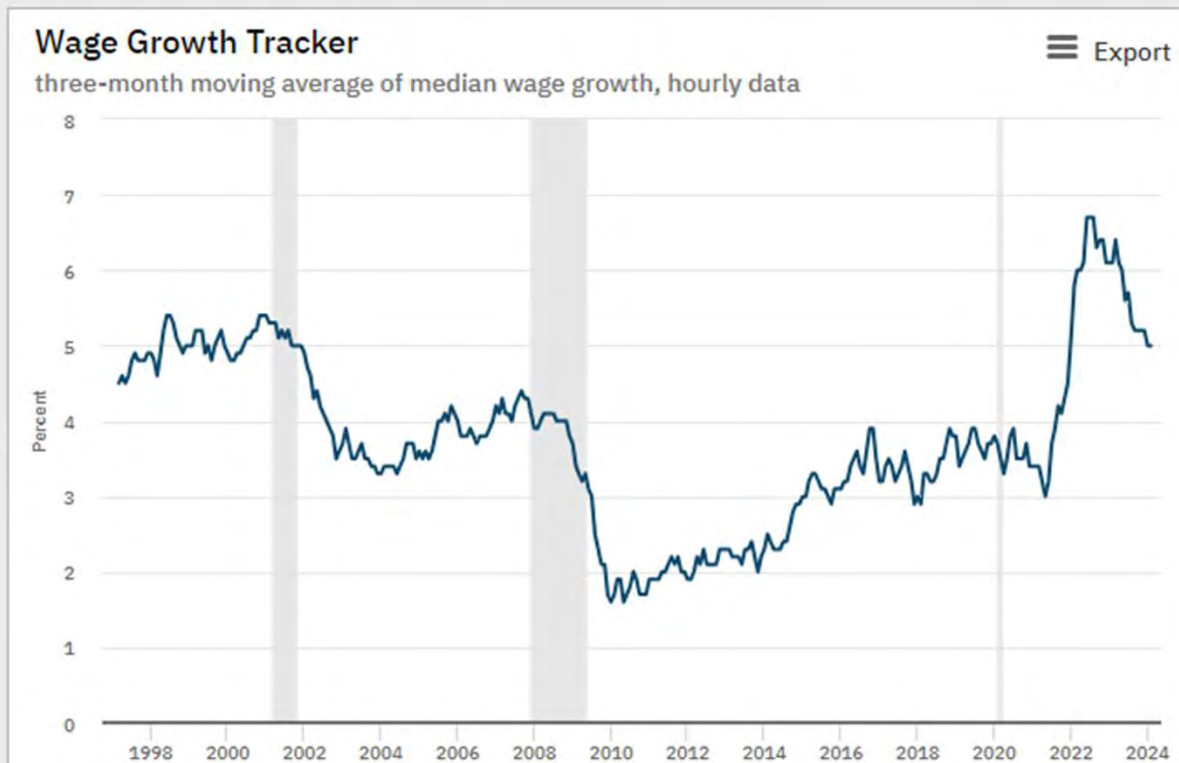
Workforce Trends

Burning Glass Institute Labor Market Tightness Index




- ▶ Easing, but...
- ▶ Still tighter than any period in the past half-century

Workforce Trends



Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations

 Federal Reserve Bank of Atlanta

Herbein
CPAs + Advisors



Unavoidable Truths

1. Employee expectations are forever changed
2. Options will abound in the traditional, global, gig, remote, digital economy
3. Technology disruption will accelerate; the skills gap will broaden
4. Demographics will transform the workplace, Millennial workers (35-49) will lead the economy and Boomers will all be 65+ by 2030. Participation rates will continue to decline
5. Competition will continue to pressure compensation

Polling Question

Of the challenges just mentioned, which two would you say are your primary concerns for 2025?

- ☐ Changing worker expectations
- ☐ Difficulty identifying and training the right talent
- ☐ Keeping up with AI and other disruptive technologies
- ☐ Maintaining productivity amid layoffs or hiring freezes
- ☐ Succession planning
- ☐ Ensuring compensation is competitive
- ☐ Company culture
- ☐ Other



Where Does Your Bank Need to Invest?

Human Resources
Compensation and Benefits
Talent Attraction
Branding
Workforce Planning
Talent Sourcing
Selection
On-boarding

Talent Retention
Culture
People Strategy
Leadership Development
Boundaries
Wellbeing

Without people, the rest of your operational investments will have no value





WHAT LEADERS
SHOULD KNOW ABOUT
HUMAN RESOURCES

What Does a Human Resources Department Do For An Organization?



What Human Resources Practitioners Need to Know Today



Questions to ask yourself:

1. What do we have today in our Human Resources Department? What functions of Human Resources are managed in other areas of the organization?
2. Is our Human Resources focus and delivery technical/operational, strategic or both?
3. Are we positioned appropriately for the future? Do we have the expertise and knowledge necessary?
4. What do we need in Human Resources to support the organization's strategic plan? Short-term? Long-term?
5. Can we "purchase" any of our needs externally? Is it cost-effective? Does it make good business sense?
6. When was the last time I spoke to HR about our strategic plan? Is HR at the table? What is my vision for HR? HR's vision for itself?



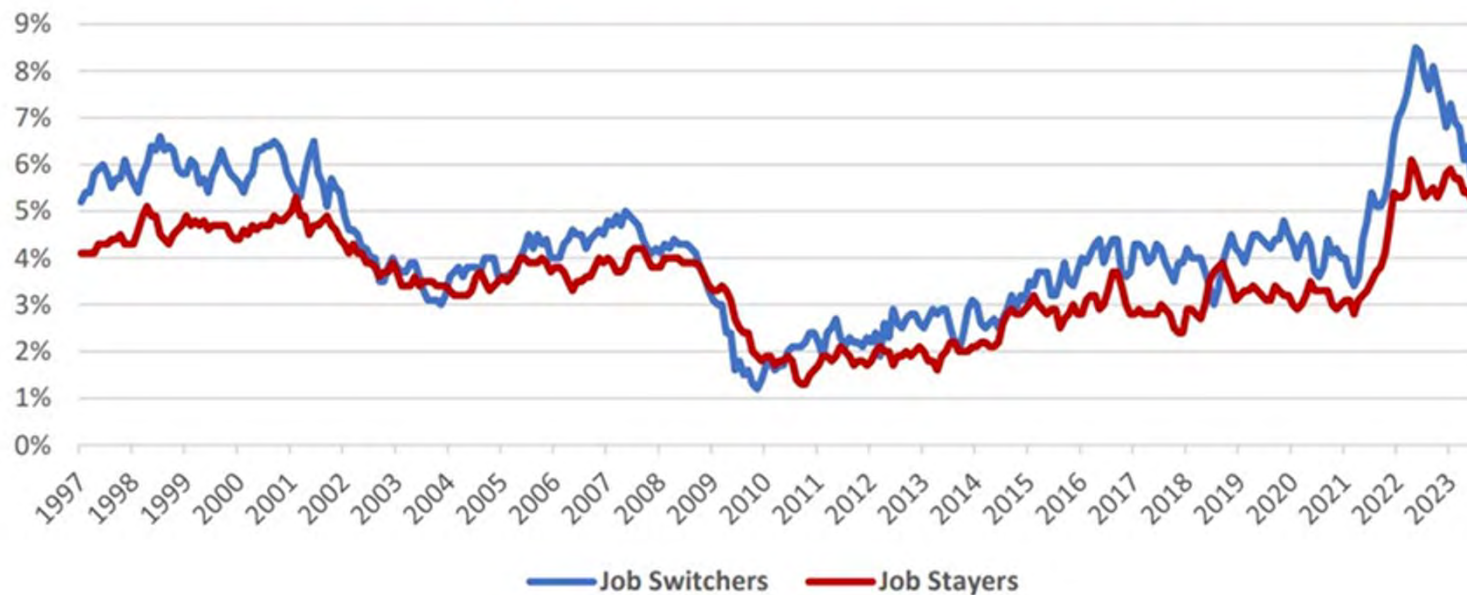
A Solid Foundation
is “a Must!”

Employee Compensation and Benefits



Workforce Trends

Annual Wage Growth: Job Switchers vs Job Stayers



- ▼ Record levels of disparity between stayers and switchers
- ▼ Incentive to switch
- ▼ 2024 Budgets 4.1%
- ▼ Monthly Quit rates
 - ▼ Since 2000: 2.01%
 - ▼ 2021 2.71%
 - ▼ 2022 2.76%
 - ▼ 2023 2.42%

Source: Federal Reserve Bank of Atlanta

Workforce Trends - Pay Transparency

Why does it matter?

- ▶ Impacts employee and candidate decision-making
- ▶ Pay transparency supports your Employer Brand
 - Improves organization's ability to attract and retain
 - Employees choosing those employers with greater transparency
 - Indeed - fill rates for jobs with salary range were 40% higher
- ▶ By being proactive, it allows the organization to control the message
 - Focus on total rewards in addition to cash compensation
- ▶ Supports career pathing
- ▶ Supports DEI initiatives
- ▶ Improves engagement and motivation






Questions to ask yourself:

1. Do you have a current view of market competitive rates?
2. Do you know how your bank's compensation compares to the market?
3. Do you have a defined compensation philosophy/strategy?
4. Have you done a recent pay equity analysis?
5. Are you prepared for pay transparency?
6. Do you make market adjustments for current talent to aid in retention?



Attracting Talent



Branding
Workforce Planning
Sourcing
Selection
Onboarding



Employer Branding

Why is **employer branding** important?

94%

of job seekers would consider looking at the employer brand before applying for a job.

Successful employer branding implementation can generate **3.5%** revenue and a **2.5%** increase in profit margin.

Strong employer brand could decrease **43%** of cost per hire.

Strong employer branding could lead to an **130%** increase in employee engagement.

Companies that prioritize employer branding would be **185%** more likely to have high-level talent acquisition strategies.

Investing in employer branding can reduce employee turnover by

28%



SOURCE: www.kornfefer.com

Purpose, Vision, Values
Ask Why and Listen
Authentically Define
Storytelling
Communication Strategy
Listen and Evolve



Questions to ask yourself:

1. Do you understand what makes you unique and attractive compared to other employers?
2. Do you understand the "persona" who is attracted to your organization and why?
3. Is there an articulated purpose, cause, or passion to the work?
4. Can I "feel" your brand by looking at your career page, talking to an employee, or reading a job posting?
5. If your brand shaped intentionally or accidentally?




Workforce Planning



High-Performing Orgs are Far More Effective at Workforce Planning


Operational workforce planning is short-term (weeks or months) and includes headcount forecasting, scheduling/coverage and staffing requisitions.

HPOs  41%

LPOs  7%

More than
5x
As effective

Tactical workforce planning of up to a year in outlook addresses staffing plans, budget reconciliation and training schedules involved in running an organization.

HPOs  31%

LPOs  7%

More than
4x
As effective

Business Planning
Supply Analysis
Demand Analysis
Gap Analysis
Solutions Planning



Questions to ask yourself:

1. Do you know what your workforce needs to like in 12 months? How many by position?
2. Do you have a forecast of what your current workforce will look like in 12 months, net of retirements, terminations, resignations, skills?
3. Is the talent gap understood by HR and updated regularly?
4. Are realistic and achievable plans being developed to close the gap?



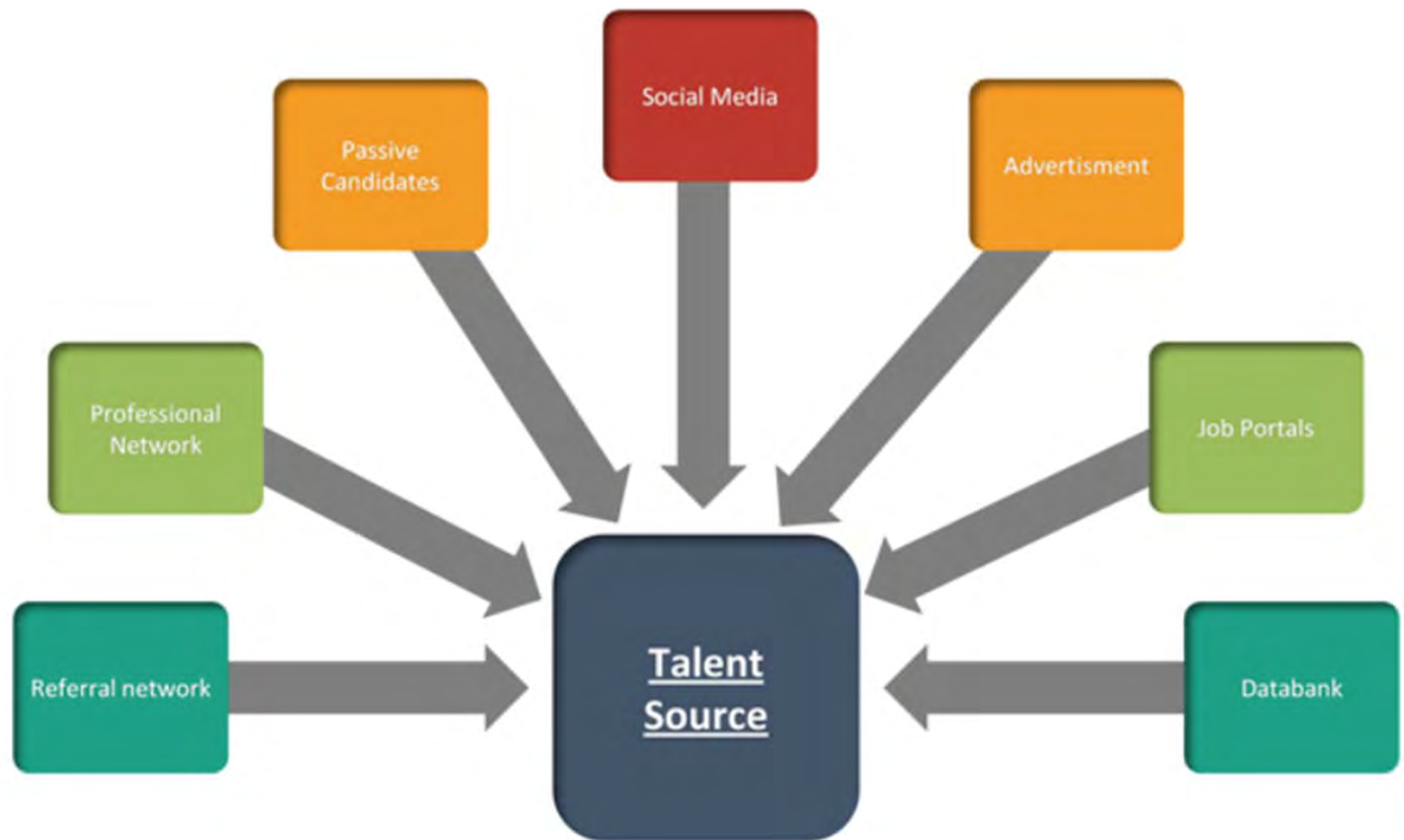
Talent Sourcing





***73% of potential
candidates are
passive job seekers***

Active vs Passive
Employee Referrals
"Apprenticeships"
Technology



Questions to ask yourself:

1. Is sourcing a company-wide responsibility?
2. Do you know where the fish you want to catch swim? Line in the water?
3. What percentage of employees are referred by other employees? Why or why not?
4. How are you building relationships and interest with passive prospects?
5. Have you equipped your talent acquisition resources with the proper technology?



Selection



Around 20%



People are biased, emotional, and inconsistent when interviewing and as a result, decades of industrial psychology research has found, the validity or predictive power of a typical unstructured job interview is **around 20%**, meaning that only one in five interviews increases the baseline odds that a hired candidate will be successful.

Structured Interview(s)
Assessments
Candidate Experience
Evaluation Matrix

