

LEADERSHIP DEVELOPMENT PROGRAM PROPOSAL

STONIER CAPSTONE

KAYLA JONES

Table of Contents

EXECUTIVE SUMMARY.....	2
INTRODUCTION.....	4
BACKGROUND	7
STRATEGY & IMPLEMENTATION.....	9
FINANCIAL IMPACT:	16
NON-FINANCIAL IMPACT:	18
CONCLUSION:	20
EXHIBIT A	21
BIBLIOGRAPHY	22

EXECUTIVE SUMMARY

WHAT IS THE PROBLEM?

[Bank] stands at the precipice of an opportunity to shift the entire landscape and culture of the organization for the better. Since its inception, [Bank] has grown significantly in geographic footprint, number of employees, and asset size. However, we have done very little to invest in the growth and development of our employees to ensure their loyalty, retention, and productivity. In addition to impacting employee morale, a lack of development also negatively impacts the organization through lack of engagement, subpar performance, and diminished customer experience.

As the workforce continues to evolve, employees are expecting more from their employers than just a paycheck at the end of each period. They are more frequently looking for organizations which align with their morals and values, and which are willing to invest time and resources into helping employees reach their fullest potential. Additionally, work-life balance continues to surface in conversations about employee retention. A disproportionate share of responsibility is currently saddled on the middle and upper management levels, or top performers in lower positions, because we have failed to appropriately and adequately provide the development and tools for employees to learn and grow within our organization.

WHAT IS THE SOLUTION?

By implementing a leadership development program, [Bank] will be able to effectively and efficiently resolve several problems with a single, albeit multi-faceted solution. The leadership development program will implement a series of resources directed at both existing leaders and those within the organization who have the potential to become great leaders. The program will offer an internal development course through an external firm in which leaders will learn new techniques and best practices, hear about what is actually effective when managing and motivating people, and have the opportunity to discuss and walkthrough challenges with their peers in the organization.

The leadership development program will also make conferences and external training resources available to employees. External opportunities for development allow employees to gain insights and skills from other organizations, which aids in preventing “tunnel vision” of our leadership team or falling into habits solely because things have always been done a particular way. Innovation and learning are absolutely critical to ensuring our employees are able to succeed within the organization.

Finally, the leadership development program will include an element of one-on-one coaching for every employee in the organization. Employees will meet on a regular basis with their direct supervisor to discuss performance, areas of improvement, employee goals, and for the supervisor to offer advice and coaching on how to reach the employee’s individual aspirations.

A committee will be created to govern and manage the program, led by the Director of Human Resources. The committee will be responsible for structuring and implementing the program, identifying and monitoring key performance indicators, and making any necessary changes to ensure the effectiveness and success of the program.

WHAT DOES IT COST?

The oversight committee will be responsible for collecting bids and monitoring expenses associated with the leadership development program. However, management should expect to spend a minimum of \$100,000 per year for the first three years. Following the first three years, some expenses may be able to be reduced by leveraging internal resources in place of resources that were previously engaged from external firms.

Additional expenses may be incurred should the committee elect to implement things like leadership retreats, mass travel, or bringing in select specialists to evaluate and train leaders as part of the program. The budget identified by the committee will be closely monitored and any increases in the budget will require Board approval.

HOW DO WE GET STARTED?

The present proposal requests approval from the Board of Directors to proceed with forming the oversight committee and beginning to evaluate costs and solutions for implementation of a leadership development program at [Bank]. Following approval to proceed, a committee will be formed with the goal of quickly identifying resources and launching the implementation process. An external firm will be engaged first to provide resources and/or training sessions to existing leadership to reiterate the importance of buy-in from the top of leadership to the most entry level positions. Existing leaders will play a critical role in the success of the program.

The committee should expect it will take six months to one year to appropriately evaluate and successfully implement a leadership development program. Metrics will need to be identified, reports built, and decisions made on which employees should be involved in the first cohort of leaders to participate in the program.

INTRODUCTION

Leaders are a critical component of every person's life, whether in their careers, relationships, social lives, or spiritual lives. As children, parents function as our first encounter with leadership; teaching us how to walk, talk, navigate social norms, and understand the basic rules of engagement. Throughout childhood, we encounter several more leaders - teachers, religious leaders, grandparents, and other adults - who make a lasting impression on the adult we will become. As we enter chosen career fields, if we are fortunate, we are the recipient of insights, guidance, and shared experience from those who paved the way before us and are willing to pass on their knowledge to the next generation.

BUT...WHY DOES IT MATTER?

We have all seen the success of the most efficient and effective companies play out in the media. These companies break records with their profits, have outstanding employee retention, and their employees go a step further by praising the organization for the exceptional culture they experience at work. Companies like Cisco Systems, Hilton Worldwide, and American Express hit 2023's Fortune 100 Best Companies to Work For¹ through implementing remarkable leadership programs that build trust in management, encourage connection with colleagues, and improve loyalty.

A culture focused on servant leadership can have a direct impact not only on employee engagement, organizational trust, and employee retention, but can also be a primary predictor of the overall performance of the organization, as demonstrated by the companies in Fortunes 100 Best list. While [Bank] has a history of financial success, as an organization very little has been invested in formalizing our focus on the development and continued engagement of our leaders (or future leaders). In the words of Jim Rohn, "A good objective of leadership is to help those who are doing poorly to do well and to help those who are doing well to do even better." To apply this to [Bank], we have done well, but perhaps we could do even better by investing time and money in developing employees and the leaders responsible for their development.

This deficiency in structured development of our leaders has resulted in a multi-faceted challenge within the organization:



Unclear Goals

Leaders are not effectively equipped to clearly communicate goals and expectations to employees, resulting in decreased employee morale and performance.



Disproportionate Workload

Employees in mid- and senior leadership positions are over-allocated responsibilities resulting in burnout.



No Succession Plan

Future leaders are not adequately developed resulting in a reduced pipeline for succession planning.

Within this proposal, we will examine a SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis of the Bank in its present state, how a leadership development program would complement or address various areas of the SWOT, identify important considerations before approving such a program, outline steps to implement such a program and how to measure success of the program after implementation.

A thorough SWOT analysis was conducted as part of the preparation for the proposal to provide a full picture of the current state of the bank and resources already available for use within the leadership development program. Several key strengths were identified as part of the analysis. A critical strength to be considered and leveraged in the leadership development program is the extensive experience and knowledge of management-level employees, gained through multiple decades of working in the banking industry. Another strength is that [Bank] has chosen to engage in complex lines of business, such as fintech sponsorship and marijuana-related businesses, resulting in innovative approaches to learning and adapting to the ever-changing landscape. In addition, [Bank] already has a dedicated Human Resources director who is able to act as a centralized, objective driver of such a program. These strengths provide exceptional opportunities for the leaders currently in charge of those teams to pass on their knowledge and help build an outstanding team of individuals who will lead the bank in the future.

As with any organization, there were some critical weaknesses identified during the analysis that would need to be addressed within the leadership development program. While unclear goals, disproportionate workload, and a lack of succession planning may appear to be weaknesses, they are actually a symptom of underlying weaknesses within the organization. During the analysis, underlying weaknesses were primarily linked to a general lack of emphasis on the importance of growth and development focused specifically on leadership skills. Additionally, the culture of the Bank appears to be undefined, leaving each branch or department to fall into habits and cultures based upon personal preferences - or resulting in a complete lack of culture entirely. These weaknesses will be addressed within the leadership development program presented, beginning with the Executive Leadership level, and trickling down to senior and mid-level management positions to reestablish a productive, positive culture of growth and development within the organization.

[Bank] also stands on the precipice of many opportunities. We are in a time when Millennials (and soon Generation Z) have either been well-established in the workforce or are beginning their careers, which presents a unique opportunity to pivot our organization to meet the expectations of a changing workforce. Another opportunity identified is to increase the buy-in of all employees. Buy-In will be discussed in more detail within the Strategy & Implementation section of the proposal, however, buy-in significantly impacts employee retention.

Finally, threats to the success of the leadership development program were considered. There were two primary threats identified. The first threat occurs any time an organization chooses to make a shift in the strategic or cultural direction, and that is resistance to change. Often, employees and even leaders who have spent a sizable portion of their career with the same company are comfortable with the way things have always been and, as a result, are hesitant to get on board with a notable change in process. The other threat to success is competition for top talent. In a post-COVID society, employers have continued to face challenges obtaining

and retaining the best employees. Salaries have increased significantly², employees expect increased flexibility in their work environment³, and up to 80% of employees are not engaged or are actively *disengaged*³.

SO, HOW DO WE FIX IT?

In the pages that follow, I will outline a proposed solution to address the concerns facing the organization with far-reaching impacts on both the short- and long-term success of [Bank]. A leadership development program will both enrich the careers of our existing leaders who have long struggled with engaging their employees, gaining trust within their departments, and feeling a sense of control over the success of their teams, as well as create opportunities for our entry level employees giving them a sense of control over their own success within our organization. Human Resources will lead the charge for implementing and maintaining the program, with the assistance of an Executive Sponsor to ensure the program continues to capture the strategic direction identified by leadership and the Board of Directors. The importance of such a program cannot be overstated - in an ever-changing industry like banking, we must continue to rise to the occasion to meet the expectations of our employees, customers, and shareholders through investing and developing the talent we currently possess and helping them exceed their perceived potential.

BACKGROUND

[Bank] was founded in 1930 with \$30,000 in capital on the belief that old-fashioned community banking was the lifeblood of the local economy, contributing directly to the success of local businesses and individuals within the community they served. At the end of 2023, [Bank] has grown to \$817.675MM in assets, supported by \$92.648MM in capital, with annual net income of \$11.038MM. We now have nearly two hundred employees across nine branches and three administrative offices. Today, [Bank] continues to center our values around a custom-tailored banking experience for each of our customers, acknowledging that no two customers have identical banking needs.

A peer comparison report for 12/31/2023, issued by the FFIEC⁴, reveals the following related to [Bank]'s performance against peers and competitors in Group 5, "Insured commercial banks having assets between \$300 million and \$1 billion":

	[BANK]	PEER AVERAGE	VARIANCE
Net Income	\$11,038,000	\$7,363,985	+\$3,674,015
Net Income to Assets	1.38	1.11	+0.27
Net Loans & Leases to Deposits	107.89	78.05	+29.04
Asset Growth Rate	3.16	4.90	-1.74
Leverage Ratio	12.31	10.51	+1.80
Efficiency Ratio	68.11	63.83	+4.28
Personnel Expense to Assets	1.77	1.42	+0.35
Avg Personnel Expense per Employee (\$000)	87.03	96.13	-9.10
Assets Per Employee (\$MM)	5.02	7.17	-2.15

For the purposes of the present proposal, the key metrics for consideration are Efficiency Ratio, Personnel Expense to Assets, Average Personnel Expense per Employee, and Assets per Employee. Each of these considerations and the accompanying implications for introducing a Leadership Development Program can be found within the financial section.

While [Bank] has continued to grow over the past nearly one hundred years of operation, the area of leadership development has continued to be a neglected area of concern. Integrating technology solutions, maintaining sales efforts, and implementing the latest methods for marketing and growth have been monitored and prioritized, but the budget and strategic plan continues to omit the importance of developing the employees and leaders responsible for executing those efforts within the Bank. Leadership "development" today is virtually non-existent, despite having many individuals within the organization who possess exceptional experience expertise that could be successfully leveraged to help such a program thrive.

Much of the development occurring within [Bank] today is conducted through "war stories" - hard lessons learned through decades of trial and error or observed by those currently serving in a leadership capacity. The primary concern with this method of development is that younger (or newer) employees are frequently unable to relate to experiences and stories that occurred years in the past and do not have their own experiences to draw from. In addition, it

is difficult for employees to discern what exactly it is they are supposed to extrapolate from these stories, which in turn may result in the unintended consequence of employees becoming afraid to take chances or explore innovation. Innovation, especially in today's age of banking technology and ultra-competitive market, is a critical component of any financial institution's success. There is an entire conference surrounding the idea that banks must grow or die - Acquire or Be Acquired, held in Phoenix, Arizona each year. Employees have a profound impact on innovation by offering talents and insights that may have been lost to time by those in senior and executive leadership positions.

Other development concerns include the fact that the individuals within the bank who have performed well and exceeded expectations are frequently overburdened with work projects and initiatives. The impact of this practice is two-fold: it significantly increases the risk of burning out the top performers within the organization, and it stunts the growth and development of other employees who have the ability and desire to be trained to rise to take on more responsibility. When the employees in both aforementioned groups begin to realize things are not going to change, they seek other employment, or worse, they become complacent and cease to contribute their full value to the organization.

By more effectively leveraging a formalized development program, [Bank] can accomplish three major objectives:

1. Improve employee retention by investing in and developing existing talent within the bank.
2. Improve Personnel Expense ratios by more efficiently leveraging and maximizing existing talent within the bank.
3. Improve employee morale by creating opportunities for development within an individual's current position to prepare for promotion in the future.

There is clear and compelling evidence to support the impact of implementing a leadership program above and beyond these three objectives, including increasing net income, improving the ability to adequately plan for succession, and reducing other operating expenses. These other objectives will be covered briefly in the proposal but require a significant degree of additional research and consideration in connection with the leadership program. Succession planning, for example, would involve a dedicated implementation project complete with SWOT analysis, training, development, and ongoing monitoring in its own right. These metrics should be considered as part of a future strategy, using the leadership development program as the solid foundation for building an exceptional organization.

STRATEGY & IMPLEMENTATION

Identifying the appropriate strategy will be a critical component of creating an effective leadership development program. Strategic planning identifies the possible obstacles a project will encounter, describes existing resources available to leverage for the project, and anticipate how to navigate any challenge or milestone to reach completion. For the purposes of the present proposal, the strategic planning process was conducted as part of the research for the project; primarily by conducting a thorough SWOT analysis for the project.

WHAT STRENGTHS ARE ALREADY AVAILABLE?

Beginning with Strengths, a SWOT analysis identifies the existing resources and experiences we already have at the Bank that could easily be leveraged to drive progress for the leadership development program. [Bank] is fortunate to have individuals in leadership positions who have extensive knowledge in the Banking sector. These individuals have decades of experience during which they have gained some hard-earned lessons and expertise that could be used to build up and teach the next generation of bankers to ensure they do not fall victim to the same mistakes. This type of learning and development is what drives the Bank forward instead of constantly learning and relearning the same lessons. In addition, not only are many of the individuals in leadership positions highly experienced, but most have also spent the majority of their career at [Bank]. This insight into the Bank's culture, strategic initiatives, and primary priorities offers a resource that individuals who have spent only a few years with [Bank] would not be able to provide.

Furthermore, [Bank] has chosen to participate in several complex lines of business, such as Marijuana-Related Business Banking and FinTech Sponsorship. Both lines of business require significant oversight, in-depth knowledge of the banking industry and associated regulations, as well as a strong understanding of the businesses and customers served by those lines. While a complex line of business does not necessarily equate to strong leadership skills, the skillsets required of the individuals leading and overseeing those lines of business absolutely translate well to those required for leadership. Employees within complex lines must have strong critical thinking skills, be able to identify patterns in behavior that may signal a greater concern and must be highly trustworthy. In leadership, we must be able to think critically about how to best address issues as well as encourage continued high performance. We must be able to identify shifts or patterns in our employees' behavior that may signal an area requiring further development; and we must be highly trustworthy to prompt change and progress in our employees. If our employees do not trust us, they will not buy into the vision and will not feel the freedom to innovate knowing they can trust their leader to support and guide them.

The final strength identified as part of the SWOT analysis for the leadership development program (but certainly not the final strength of the organization) is that we have a dedicated Human Resources director currently serving the organization. While this may seem to be simply a fact, not a strength, at first glance - it most certainly is a strength. A program like a leadership development program must be housed within an objective division of the bank. Housing it under Operations or Finance or any other division of the bank will inevitably result in a skewed perspective and may lose the original goal of the program. Human Resources can independently function in a way that is solely focused on the development and well-being of the employee, while understanding how those efforts benefit the organization as a whole. It

is worth noting that additional training will be required for the Human Resources director to properly equip her to lead such a program, but will play well into the strengths, skills, and resources already available to her within the Human Resources function.

WHAT WEAKNESSES DO WE NEED TO BE AWARE OF?

Weaknesses are sometimes a difficult area to discuss. It is human nature to want to focus on strengths and ignore our weaknesses, however, it is absolutely crucial for us to be aware of and honest about the weaknesses that may play into our ability to implement such a program. The SWOT analysis conducted for this project focused specifically on identifying weaknesses that may cause challenges in implementing a leadership development program. Some additional weaknesses were identified, such as a lack of formalized succession planning, however those weaknesses were ultimately determined to be separate projects and were labeled as out of scope for the present proposal. It should be noted, however, that succession planning is an essential piece of leadership development requiring its own investigation, development, and implementation. Leadership is encouraged to pursue research and resources on successful succession planning as part of a larger effort to improve leadership functionality at [Bank].

The primary weaknesses identified are somewhat broad but are believed to be the underlying source of the lack of leadership development observed at [Bank]. All other weaknesses were symptoms of the primary weakness, which is that [Bank] does not have a corporate culture even in generic terms, and certainly not a concerted effort to establish and maintain a defined culture within the Bank. This weakness has widespread implications, from leaving branches and administrative offices to their own devices, to having thirteen unfamiliar cultures, to making it exceedingly difficult to hire talent that is a good cultural fit, or even to answer questions from employment candidates who may prioritize cultural fit over several other considerations. Culture is becoming an ever-growing topic of discussion amongst employers - Simon Sinek even authored an entire book on the subject, *Start with Why*⁵.

Additionally, [Bank] has failed to put an emphasis on the importance of focused, intentional development of the individuals in leadership positions. The general prevailing opinion seems to be those intelligent individuals, given enough time in a leadership position will just “figure it out” as it relates to how to best manage, motivate, and mentor the people who report to them and rely on them for guidance. However, even a quick search of Google triggers thousands of results about how to be intentional in learning to lead, hundreds of books have been written by the likes of John C. Maxwell, Simon Sinek, Ed Mylett, and many more on the subject because leadership is learned not “figured out” through years of doing the same (failed) things repeatedly. Many of the individuals in leadership positions at [Bank] are exceptionally knowledgeable in their areas of expertise but have very little, if any, skills related to effectively leading and managing people.

ARE THERE OPPORTUNITIES WE CAN LEVERAGE IF WE PURSUE THE PROJECT?

There are also countless opportunities for [Bank] to leverage should we pursue a leadership development program. The first of these opportunities is increased employee engagement, also known as buy-in. As mentioned in the introduction, a Gallup poll shows that 80% of employees report being disengaged in the workplace³. Employee engagement has also been shown to directly impact customer engagement. Reversing the decline in employee

engagement requires that leaders examine organizational culture (discussed above in weaknesses), and specifically, according to Jim Harter in an article by Forbes⁶, “that is, the organization’s *intended* culture versus its current reality...reskilling managers to build coaching habits that match the needs...”

In addition, [Bank] has the unique opportunity to build a leadership development program that will meet the needs of an ever-evolving workforce. Millennials are estimated to make up as much as 75% of the U.S. workforce by 2025⁷. In addition to this staggering statistic, perhaps even more revealing is that an article by Brookings cites “64% of Millennials would rather make \$40,000/year at a job they love than \$100,000/year at a job they think is boring.” Millennials also uniquely value culture over salary, a characteristic setting them apart from the generations that came before⁶. While the adage “Money Talks” may have been true of generations past, Millennials appear to be breaking that mold and expecting more from their workplace than a paycheck at the end of the week.

WHAT THREATS SHOULD WE ANTICIPATE ENCOUNTERING?

As with any new program, product, or service being introduced, there are threats to the success of a leadership development program. Threats are any resistance to the program that may derail or otherwise challenge the ability to successfully launch and maintain the program. The first, and largest, threat to the success of the leadership development program is quite simply resistance to change. While the longevity and loyalty of many members of leadership is certainly a strength in many instances, it can also pose a threat to the success of new projects due to an increased likelihood of resistance to change. Individuals who are used to the way things have always been done and have grown comfortable with the lack of formalized leadership and management expectations may initially reject the notion of introducing more structure. To combat this threat, a top-down approach will be crucial to success, starting with the Board of Directors and Executive Leadership. The top leadership of the Bank must understand the importance of introducing and intentionally developing the leadership and the evolving leaders of the Bank to ensure continued success in the years to come.

Another threat to the success of the leadership development program is the competition for top talent. A post-COVID workforce demands higher salaries, more flexibility, and more engagement³. If [Bank] is unable to provide those needs and wants, we will continue to struggle to identify and acquire the most qualified employees - both within our geographical markets as well as for our remote positions. Today, [Bank]’s hiring process is incredibly informal, with no consistent interview guides or parameters for scoring candidates to ensure we are unbiased and truly choosing the candidate who is the best fit for our organization culturally and intellectually. Hiring and onboarding is another area of the bank identified to need potential restructuring, but like succession planning, requires its own research and resources to appropriately identify and implement a successful program.

The SWOT analysis provided is simply a framework of considerations to be used to take action within the leadership development program. It takes into account weaknesses and threats that should always be present in the back of each leader’s mind as they navigate the program to be able to quickly identify and manage those challenges. It also allows us to focus on our strengths and opportunities as an excellent foundation on which to begin construction of the program.

GREAT...SO, HOW DO WE GET THERE?

Oversight is a critical component of any program, especially when a program is initially introduced. There must be a designated owner of the project and clearly defined leaders who understand the importance of the vision who are able to make strategic decisions for the direction of the program. A program such as a leadership development program will be an ever-evolving, breathing system; always requiring new insights, review of new research, investigating the latest trends and an honest, objective evaluation of the performance of the program - is the program giving the desired results? That is not to say the Bank should shift strategy with every changing tide in employee preferences, but instead, should discuss and intentionally define where the Bank wants to go, the kind of culture the Bank wants to be known for, and the specific Key Performance Indicators (KPIs) that will signal success of the program.

The leadership development oversight will be conducted by a designated committee, led by the Human Resources Director, with an Executive Sponsor. For this particular project, I would be the Executive Sponsor as the Chief FinTech Banking Officer. The HR Director and Executive Sponsor are responsible for ensuring accountability, forward progress, and effective facilitation of committee meetings. The Leadership Development Committee will consist of members from all departments and levels of the Bank, including:

- 1 Teller
- 1 Personal Banker
- Call Center Director
- Business Development Director
- Human Resources Director
- 1 Back Office Operations
- 1 Senior Member of IT
- Operations Director
- Controller
- FinTech Operations Director
- 3 Members of the Board of Directors

By including members of the committee from all levels of the Bank, we will begin to reset the culture of the Bank from undefined, to one centered around investing in our people and intentionally developing them to help them grow in their careers. Of note, no members of Executive Leadership will serve on the committee. In removing Executive Leadership from the committee, we create an environment in which employees are freer to share candid and productive feedback with their peers and coworkers. In addition, by providing the opportunity for entry level positions to participate in the committee, we have direct insight into what our culture actually is instead of just what we think or want it to be. Positions like our tellers and personal bankers are the front-line employees who see and work in our corporate culture every day. As senior and Executive leaders within the organization, it is somewhat easy to fall into the trap of thinking we fully understand every complex facet of our employees' experience with our organization - we do not and could not possibly. We must rely on honest feedback from our employees who are actively serving in those roles. It is worth noting that building trust with these employees will take time. It is important to acknowledge that it may be intimidating for entry level employees to sit around a conference table with the top

leaders of their organization and is also why it is important to ensure the right people are selected to sit in those positions on the committee. Members of the committee must be nominated and sponsored by their direct supervisor and the Executive Leadership over their respective area of employment.

Once a committee is formed, the first order of business for the committee should be to establish a committee charter. A charter governs how the committee will be managed, how members should handle conflicts or differences in opinion, how decisions will be made, and how members are chosen. Forming a committee charter ensures expectations are clear to all members of the committee and serves as the ultimate authority of how something should be resolved or managed when tensions are high, and it can be easy to operate based on emotion. The charter is a key piece of forming any committee or oversight group and will play an essential role in the leadership development program.

The committee should expect to meet monthly while developing and setting the strategic direction of the leadership development program. At minimum, the committee will be able to answer the following questions before launching the program:

1. What is our current corporate culture (honestly)?
2. What do we want our corporate culture to be?
3. What does the desired culture look like, broken down into specific indicators?
4. Who do we already have on staff who are enthusiastic about development and coaching?
5. What is the desired outcome of the leadership development program?
6. How will we determine which positions will be eligible for or required to participate in the leadership development program?
7. What metrics should be used as our Key Performance Indicators to determine whether the plan rolled out is successful?
8. How will we monitor those metrics?
9. Who will be responsible for reporting those metrics back to the committee?
10. How will the committee approach making changes based upon the KPIs?

After developing the program and launching, the committee should expect to meet at least quarterly to review performance indicators, discuss progress, evaluate possible changes, and make recommendations for the following quarter. These meetings will be intended to act as a health check on the leadership development program and will also serve to ensure the leadership development program is consistent with the decided strategic direction. Left unchecked, such a program can certainly develop a mind of its own with leaders involved in the program taking liberties to make changes or settle into a comfort zone. While some creative liberties and innovation should be expected and even allowed consistency across all departments and positions is crucial to ensuring success and rebuilding the desired culture of the bank. A consistent experience for all employees and leaders in the organization guarantees expectations are clear, allows employees to pursue new opportunities knowing a change in location will not significantly impact the atmosphere or support received, and ensures employees are able to reach their full potential regardless of position or location.

WHAT SHOULD BE INCLUDED IN THE PROGRAM?

When implementing a program, there are several directions the committee may consider including an individual level development program based on the person's specific skillsets and goals, a group development environment that meets on a periodic basis to grow individuals with similar aspirations or sending employees to external training and conferences to gain insights on leadership. My recommendation would be a combination of the three to maximize the impact of development, as well as provide a variety of learning opportunities that will resonate with all different personality types and learning styles.

The first element of a successful leadership development program is to individualize development for each person in a leadership role, or those who wish to be in a leadership role. There are online resources that can be leveraged for this function or select leaders can go to external training to learn how to conduct this sort of development, known as "coaching." Coaching consists of engaging each employee on an individual basis, analysis of strengths and weaknesses, understanding and development of specific action plans geared to develop that particular employee. Individual coaching has a profound impact on the employee as well as the organization including inducing a shift in the employees' internal thought processes⁸ - the root of true development and growth. Of note, this element of the development program would extend to all employees of the Bank. Each employee would receive coaching from their direct supervisor, which requires that we provide training to all supervisors prior to launching the individual coaching program. The committee will need to evaluate organizations who offer training on such programs and determine which fits best with the strategic direction chosen for the Bank. It is strongly recommended to bring in an external organization who specializes in leadership development and coaching rather than attempting to generate a program from scratch based on existing expertise, as [Bank] currently does not have any employees or leaders who have received formal training or education in leadership, coaching, or management.

The second element of a successful leadership development program is to put growing leaders into cohorts and leverage the impact of growing and learning together. I propose doing so by introducing an annual class of individuals to walk through a monthly development program. Each month's course would consist of a theme or subject-matter focused on a particular characteristic challenge of leadership. Subjects may include (but are not limited to): coaching, leading by example, leading with grace, servant leadership, taking responsibility, and buy-in. The leadership cohorts will also receive a list of recommended reading to be able to pursue continued growth as a leader on their own. A sample reading list is included in Exhibit A. While this is certainly not an all-inclusive list, it contains excellent suggestions to teach and prompt action in our leaders. Once again, it is strongly recommended that [Bank] engage or purchase a program that guides leaders through implementing such a program; at least until such time as enough of the leadership team has received development that continued progress can be made using their expertise. At the end of the one-year program, each member of the cohort will give a short presentation to the group on their key takeaways and epiphanies gained throughout the year. A suggested starting class would be those individuals currently serving in Senior Leadership positions. Future classes would be made up of individuals in middle management, followed by classes of employees who show potential in leadership.

The third element of a successful program is to conduct targeted research on schools, conferences, and trade shows that offer training focused on leadership skills and sending

members of our own leadership to those events. As we advance in our careers, we sometimes begin to believe there is nothing left to be learned and we “coast,” however, when it comes to leadership research continues to evolve and new practices, skills, and insights are uncovered every day. It is critical for our leaders, even those who have completed other development programs, to continue to receive ongoing training opportunities to remain effective in their approach to leading their teams.

Buy-in is effectively described by John C. Maxwell’s *The 21 Irrefutable Laws of Leadership*⁹: “The leader finds the dream and then the people. The people find the leader and then the dream.” The success of a leadership development will hinge upon the Board of Directors’ and Executive Leadership’s ability to get our existing leadership team to buy-in to the vision set forth for the future of the bank. We should be prepared to reinforce the idea that we all still have things to learn; that decades of experience do not exempt us from a responsibility to pursue continued growth and effectiveness in leadership, and that we as executive leaders of the organization are also committed to pursuing continued growth in leadership. When the top leadership of the Bank begins to demonstrate the impact becoming an exceptional leader can have on our employees and overall performance, the rest of the employees and supervisors will begin to understand and follow our example. It must start at the top, and it must start with our own humility and vulnerability. From the C-Suite to the newest teller - we all have something to learn, ways to grow, and skills to develop.

HOW DO WE KNOW IF THE PROGRAM IS SUCCESSFUL?

Setting specific metrics for identifying whether or not the program has been successful will be a critical component of implementing the leadership development program. While the committee will ultimately be responsible for setting the metrics based upon the final structure of the program, there are a few common Key Performance Indicators (KPIs) that may be considered when evaluating the effectiveness of the program. One such indicator is an employee confidence rating. Employee confidence scores are obtained by doing a pre- and post-implementation employee survey. All employees would be encouraged to participate in an anonymous survey prior to implementing the program. The survey should contain questions asking employees to rate certain aspects of [Bank] such as leadership impact, trust, culture, perceived promotion potential, support, and any other categories the committee would like to track. The same survey is delivered after the program has been implemented for 12 months, and annually thereafter. The pre-launch score should be lower than post-launch surveys if the program has been effective. Exit interviews and scores would be another good opportunity for measuring success by identifying whether or not employees are leaving due to culture, management, better development opportunities, or simply for better pay.

In addition to an employee survey score and exit interviews, the committee may also choose to examine more objective metrics. Employee turnover is a relatively simple metric to track and monitor for whether or not the program is reducing turnover. Tracking whether or not management level or advanced positions are being filled by internal or external applicants is another good indicator of success of the program. There will be occasions when an external hire is necessary, however, if the leadership program is successful, management should frequently have a pool of qualified, promising candidates from inside the organization for advancement opportunities.

FINANCIAL IMPACT:

There are several areas of budgetary impact to be considered when evaluating the leadership development program. Financial implications can weigh heavily on the feasibility of implementing any new program or service. However, when weighing financial considerations, it is also important to consider the benefits of the financial investment required of implementing a program. The committee and Board will need to consider all factors impacting the financial investment and accompanying tradeoffs to implementation of a leadership development program.

WHAT DOES IT COST?

As recommended in the Strategy & Implementation section, engaging an external firm, or purchasing a pre-built leadership development program requires a financial investment. The committee would need to collect and evaluate multiple estimates on such programs, conduct interviews with various companies, and make a final determination of the best fit for [Bank]. Organizations like Cohen Brown have long-documented success in the areas of implementing coaching and development programs with pricing based upon size of the organization and the services desired. The estimated expenses for engaging external firms were unavailable without scheduling consultations and were beyond the scope of the present proposal. However, leadership should anticipate spending a minimum of \$100,000 in external firm expenses for the first two to three years of the program. Scheduling demonstrations and obtaining specific cost estimates should be a fast follower to approval to pursue additional research on the logistics of a leadership program. Management should consider that engaging an external firm will likely be an annual expense for the first two to three years before being able to independently run the program.

Conferences and schools are another element associated with an expense to the bank. Considerations when evaluating such events should include not just the conference cost, but also travel, meals, and lodging. Conference tickets can range from as little as \$200 per person, to upwards of several thousand dollars per person. Depending on location, lodging costs for a 2-day conference may range from \$200 per person per night, to \$400+ per person per night. Meals and flight costs will also vary by location. It is recommended that management consider the attendees, scope of the conference, duration of the school or conference in connection with the tenure of the employee attending before deciding to proceed. Conferences and schools are typically one-time expenses.

WHAT IS THE TRADE-OFF?

There are certainly financial costs to implementing a leadership development program, but the benefits may generate a return on the investment which far overshadows the expenses associated. For example, the Institute of Coaching reports that 86% of businesses who implemented a coaching program recouped their investment on coaching and more⁸.

In addition to the increased productivity and expertise of existing employees driving the ability to recoup expenses, development efforts have also been shown to drive employee engagement and retention which has far-reaching implications for our organization. A Gallup study found that 87% of Millennials rate growth and development opportunities as important to them in a job¹⁰. Furthermore, 97% of employees who participated in a 2018 LinkedIn

Learning survey would remain in their jobs longer if their employer would invest in development efforts¹⁰.

If this data on retaining existing talent is not convincing enough, the cost of replacing employees may be enough to tip the scale. A 2016 study by the Society for Human Resource Management (SHRM) cites that the average cost to hire a new employee is \$4,129¹⁰. Additional data suggests it may cost 50-60% of an employee's annual salary for direct replacement, and the total cost of turnover may be as much as 90%-200% of annual salaries in direct and hidden costs¹⁰. When you consider that you must multiply those expenses multiple times over to see the full impact of high employee turnover, investing in development suddenly becomes a relatively small expense.

In addition to the dollar figures, additional development and growth of employees can also impact things like efficiency ratio and personnel expense even when all other line items on the income statement may stay the same. For example, the same number of employees can accomplish far more when they have received training and development that allows them to identify and execute efficiencies in their positions. Increased employee buy-in also results in increased productivity as a result of improved employee morale⁸.

NON-FINANCIAL IMPACT:

Far beyond the numbers of the balance sheet and income statement, there are additional impacts to be considered as part of the global picture when evaluating a leadership development program. Employee morale, productivity and engagement, work-life balance, and retention are difficult to associate with dollars but have an incredible impact on multiple aspects of the organization. According to the same article from the Institute of Coaching⁸, “80% of people who receive coaching report increased self-confidence, and over 70% benefit from improved work performance, relationships, and more effective communication skills.” But how do those improvements impact the bottom line? Self-confidence results in a shift in the internal processing and critical thinking mechanisms of the employees. Improved communication skills also cannot be understated, especially in Banking where our employees are engaged directly with our customers, whether running a simple transaction, explaining terms of a loan, or helping solve a complex financial miscalculation. Confident, articulate, engaged employees are essential to reducing errors and improving customer experience¹¹.

HOW DOES EMPLOYEE MORALE IMPACT CUSTOMER EXPERIENCE?

LineZero reports “Companies with engaged employees experience lower turnover, higher productivity, improved communication and collaboration, enhanced customer service, increased sales, better risk management decisions, and much more¹¹.” Employees are also the most effective and vocal marketing and promotion tool at an organization’s disposal - if they are having positive and engaging experiences at work¹¹. An employee who is engaged and happy at work is more likely to tell friends, customers, and other acquaintances about the organization in a positive light, which may drive business growth. Multiply that reach across all nearly two hundred employees of [Bank] and there is certainly a driving force worth serious consideration.

In my own personal experience engaging within some of our branches, there is often extraordinarily little engagement from employees on the front lines. Greetings are scarce and half-hearted, errors are frequent, and the knowledge of the employees in the branches is far below where it should be for employees with multi-year tenure at the Bank. These characteristics are indicative of low employee self-confidence, a lack of autonomy, and a severe lack of appropriate development. By leveraging the development program as proposed, these same employees would begin to be more confident in the knowledge they possess, become more motivated to pursue new experiences and expertise, and provide additional assistance to the organization through engagement and productivity.

WHAT OTHER BENEFITS SHOULD THE BANK EXPECT TO SEE?

The Institute of Coaching reports several major impacts to organizations who elect to invest in coaching and development efforts including⁸:

- Empowering Employees and Encouraging Responsibility
- Increased Engagement
- Improved Individual Performance
- Identification & Development of High-Potential Employees
- Identification of Organizational and Individual Strengths and Opportunities for Development

- Motivation and Empowerment
- Demonstrated Commitment to Employee Development

Coaching and leadership development continue to be a focus of research with new developments and insights evolving almost daily. The Bank can expect to see continued benefits of the investment in the future of our employees for decades to come.

CONCLUSION:

Employees expect and deserve to receive the best efforts of their employer to reach their greatest potential in their careers. By leveraging the existing experience and expertise of our leaders, combined with new outside resources and opportunities for growth, [Bank] can become an exceptional leader in the growth and opportunities available to our employees. We can become the trailblazing bank of [Geographic Location] known for sound, secure innovation, exceptional and loyal employees, and a resulting customer base that is all but impossible to steal away from our excellent organization.

[Bank] has spent close to one hundred years establishing our organization as a banking leader with the same products and services as our much larger competitors and a community-based business model. Having mastered those skills, it is time to expand our expertise and evaluate ways to begin improving our internal experiences and investing in those resources, rather than focusing our dollars and our efforts solely on customer-facing initiatives. Our ever-evolving workforce will continue to drive a necessity for focus on investment in growth and development opportunities, positive work-life balance, flexibility, and humility to retain top talent.

Additionally, expansion into complex lines of business such as marijuana related businesses and fintech sponsorships generate exposure to different markets and personalities which will require the utmost professionalism and expertise to maintain those relationships and ensure compliant, sound oversight practices. These partners expect prompt responses, exceptional customer service, and in-depth industry understanding from the bank partners they choose.

As the banking industry continues to evolve and become more digital-driven, with brick-and-mortar locations becoming less of a necessity to new generations, we must evaluate what truly sets us apart from our competitors. It is not our products and services. Every bank in every town across the world offers features like mobile banking, online banking, bill pay, debit cards, and phone support. We all offer relatively standard branch hours, fee-free or fee-refunded ATMs and ITMs, loan products, and overdraft protection. The key differentiator is and will continue to be the people who work for our organization; the depth of knowledge they bring to each conversation, the attitudes with which they show up each day, and the ability of our organization to keep the best of those individuals.

By approving the proposed leadership development program, [Bank] takes the next step into the future of our organization and continues to secure our position as a long-standing fixture in our communities and our industry for many years to come.

EXHIBIT A

Example Recommended Leadership Reading List

1. *The 21 Irrefutable Laws of Leadership* by John C. Maxwell
2. *Start with Why* by Simon Sinek
3. *Leaders Eat Last* by Simon Sinek
4. *Extreme Ownership* by Jocko Willink and Leif Babin
5. *How to Win Friends and Influence People* by Dale Carnegie
6. *4 Disciplines of Execution* by Chris McChesney, et al
7. *The Question Behind the Question* by John G. Miller
8. *Good Leaders Ask Great Questions* by John C. Maxwell
9. *The Infinite Game* by Simon Sinek
10. *Good to Great* by Jim Collins
11. *The 7 Habits of Highly Effective People* by Stephen R. Covey
12. *The Five Dysfunctions of a Team* by Patrick Lencioni

BIBLIOGRAPHY

1. [100 Best Companies to Work For | Fortune](#)
2. [How has COVID-19 impacted wages across different US industries? | World Economic Forum \(weforum.org\)](#)
3. [How Covid Changed the Workplace: It's A Whole New World Out There \(forbes.com\)](#)
4. [View -- Peer Group Average Report \(ffiec.gov\)](#)
5. Start with Why, Simon Sinek
6. [How Millennials Are Reshaping What's Important in Corporate Culture \(forbes.com\)](#)
7. [11 Facts about the Millennial Generation | Brookings](#)
8. [Benefits of Coaching | Institute of Coaching](#)
9. 21 Irrefutable Laws of Leadership, John C. Maxwell
10. [What is the Cost to Train Vs. Hire a New Employee? | LinkedIn](#)
11. [How Does Positive Employee Experience Affect Customer Experience? \(linezero.com\)](#)