Align Culture with Your Growing Revenue Imperative

DEVELOPING AND DOCUMENTING YOUR STRATEGY to grow revenues—be it by focusing on a customer segment, product group or geography—should not stop when the plan is blessed by your board of directors. This is only the beginning.

To execute your plan, you must turn back and face the bank that you have. A key component to strategy development is to assess the current abilities of what already exists at your bank. It influences strategy. Should you pursue a retail strategy if your branches are predominantly in industrial areas and your retail technology platform is behind competitors? Perhaps, but likely no.

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Once the plan is developed with your current situation in mind, it is up to management to foster a culture that paves the way for successful strategy execution.

If growing revenues is a key component of the plan, do you allocate the proper resources to those charged with growing balances and customers, and train them on the best known methods to succeed in their slice of strategy execution? Are support functions focused on continuous improvement to the customer experience, either internal or external customers? Your bank's commitment to employees' success at strategy execution can be found in the resources dedicated to their development.

A positive accountability culture

Success should be measurable. To grow revenue, perhaps the bankwide measurement is balance sheet and/or net interest income growth. But how do those top-of-the-house measurements drill down to the commercial lender, the marketer or the Market Street branch manager? Accountability often is a dirty word because of the negative consequences for not meeting goals. But does it have to be? Do we want a culture of recrimination and fear? There are ways to implement a positive accountability culture that are consistent with the strategic imperative of growing revenue.

For example, instead of holding the Market Street branch manager accountable for growing number of accounts or deposit balances, perhaps using deposit spread growth or total income growth (defined as asset spread from branch-originated loans, deposit spread from branch deposits and branch fee income).

Imagine the day-to-day behavior changes resulting from this accountability practice. Branch administrators would likely receive fewer rate exception calls to keep the money in the bank. Because branch managers know that high-priced time deposits will generate little spread for them compared to the operating account for the flower shop down the street.

This can also hold true for support functions such as marketing. One accountability method could be the sum-total return on investment (ROI) of all marketing initiatives for the year compared with what was projected. When a marketer pitches a campaign that is consistent with strategy using ROI metrics, the marketer will be mindful that at the end of the year he/she will be accountable for actual results.

I wouldn't do this on a campaign-by-campaign basis, as this dampens experimentation, which I think is important in light of how rapid customer preferences are changing.

Recognize your performers

To foster a positive performance culture, reward those who succeed in meeting or exceeding their goal publicly. This reward should be through the company newsletter, a companywide email from the CEO and/or an annual awards ceremony. You can have categories like "most improved," "best growth," "top quartile most profitable," etc.

Celebrities award themselves all of the time with great fanfare. If your employees succeed, give them more than a great performance review and/or incentive payment. Give them recognition. Give them fanfare. It gives those that have the capability to succeed but may have fallen short that extra oomph that could push them over the top, and get them on the awards stage.

For those who fall short but demonstrate a good attitude and effort,

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double-down on your development initiatives, demonstrating your bank's commitment to their success. If they continue to falter, perhaps they are in the wrong job. When I supervised a department of sailors while in the Navy, my boss said that if my sailors have a good attitude and work ethic and they don't succeed, shame on me. If they lack the attitude and effort, shame on them. The latter should be respectfully shown the door as this will likely improve your positive culture by removing negative influences.

But for those who have the attitude and put in the effort, your commitment to their success should also send a clear signal to others around them that your bank cares for those that care back.

Imagine an employee base that is laser-focused on the strategy at the business unit and support function level. Friendly competitions arise to get on that awards stage. Success stories are shared and emulated. And high-performing employees stay because you have created a positive accountability culture. Would this culture be more capable of growing revenues? ■

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