



Six Steps Financial Services CEOs Can Take to Maximize Executive Performance

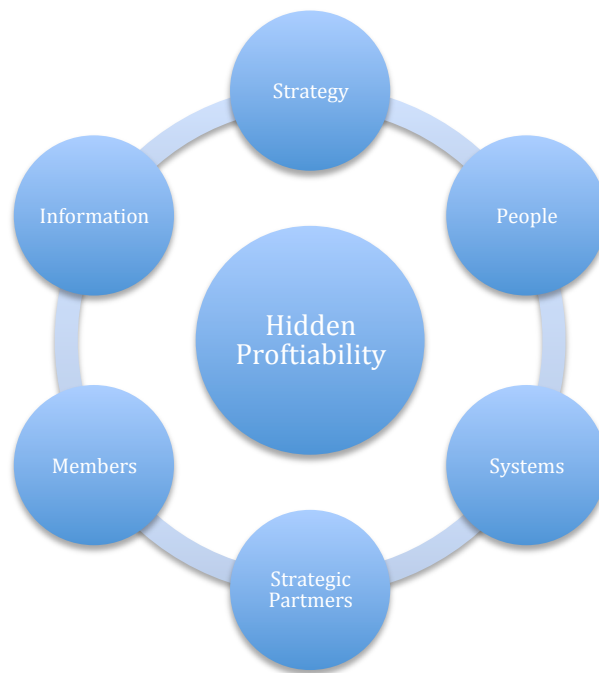
Is it fair to say that you would like to experience greater profitability, member value, and growth at your financial institution (FI)? If that is the case let me direct you to the greatest source of new profitability you have, your executive team.

If that surprises you now at the beginning of the article, I promise you'll understand by the end.

To understand why your executive team is the key to increase profitability, let me first introduce you to six major sources of profitability growth.

Having weaknesses or misalignment in any of the six focal points can hold your FI back.

Six Key Focal Points of Profitability Increase



These are not exhaustive, of course, but in my experience they encompass the lion's share of profitability gains.

Executive Team Relationship to Profitability Focal Points

If you think about each part of the Six Profitability Focal Points you will soon realize that your executive team touches each focal point in some way, either directly or through a management function. That's why these talented leaders are the strategic and economic engine of your FI. As they go, so goes your organization.

If they are passionate, growing, and engaged around their strengths and your FI's vision, they will be an unstoppable force. If they are apathetic, bored, dispassionate, and only partially buy in to what your FI is doing, your organization will not ever reach its potential no matter how talented the individuals are.

While apathy may not exist on **your** executive team, statistics heavily favor the possibility that it does. In our discussion today I am going to use empirical and anecdotal evidence to prove irrefutably that apathy does indeed exist on executive teams, and that eliminating it is the best way to grow profits.

A good consultant never leaves his client without a solution, so at the end of the article I will offer six ways to keep executives engaged and profitable, and will provide you with some challenge questions to stimulate your thinking.

The Empirical Evidence of Hidden Profitability on Executive Teams

You may be familiar with **Gallup's 2013 Study on the American Workforce**. If you have not read it, I recommend going through it in its entirety several times and using it to reflect on your own FI.

- The top-level results are that only about **30% of American workers are engaged** in their jobs. That means they really enjoy their work and give it their all. They are the backbone of the economy.
- On the other hand, **70% of American workers are disengaged**, meaning they are either just existing or are actually working against their companies.
- Surely this is different for executives, right? Here's the horrifying truth: **Only 36% of executives and managers are engaged**. Only about one-third of all executives and managers are enjoying their work and giving it everything they have.
- What is more troubling about these disengaged executives and managers is that, according to Gallup's study, **managers account for at least 70% of the variance in employee engagement scores**. In other words, if 64% of executives and managers are disengaged it has an extraordinary negative impact on employees.
- Do you think your executive team fully understands and can explain and execute your mission and strategy? Again, not so fast. The Gallup study showed **only 46% of managers and 37% of employees strongly agree with "I know what my**

company stands for and what makes our brands different from our competitors”.

What is a disengaged worker? Gallup provides the following description:

“Not engaged workers can be difficult to spot: They are not hostile or disruptive. They show up and kill time with little or no concern about customers, productivity, profitability, waste, safety, mission and purpose of the teams, or developing customers. They are thinking about lunch or their next break. ***They are essentially “checked out.” Surprisingly, these people are not only a part of your support staff or sales team, but they are also sitting on your executive committee.***”

How are you feeling so far? Do I have your attention? Do you believe me when I say your executive team could be a huge source of hidden profitability?

Now that we have the empirical research from Gallup proving 64% of executives and managers are disengaged, let’s zoom in on an individual case study as an example of how this disengagement occurs. From the case study I’ll make broader application to disengaged executives, and then finish up with some solutions.

Case Study: One Executive’s Path to Disengagement

This brief case study will show you my path toward disengagement as a senior leader, and give you some ideas on how to prevent it on your team. Not every disengaged executive goes down the same path as me, but I have spoken with enough of them to know that my story is fairly common.

My disengagement journey lasted about 11 years. I didn’t want to be disengaged and struggled mightily against it. My performance was strong and rewarded within the company, but my heart was never with them once I became disengaged.

To frame the situation, I reported to a member of the executive committee of a \$16 billion bank. Among my peers were the CMO and Directors of Training, Facilities, and Credit Cards. We were all talented, high salary leaders responsible for major functions of the bank. We played offense, meaning we made money for the company. After about 15 years into my career and five years at the bank I had achieved some excellent results.

At that point five factors began triggering my disengagement.

- 1. I became incredibly bored.** I could innovate faster than the bank could implement, and I was running out of things to hold my interest.
- 2. I had no feeling of being on a team.** When my manager had monthly staff meetings and annual retreats we never discussed what we could accomplish as a team. Instead, all the focus was on our individual areas. We never united as a team in a common cause.

3. **There was never any concern shown for my individual development or career path.** I was asked to make a succession plan for my replacement, but no discussion was ever held about what was going to happen to me. As I was toward the top of the leadership pyramid I knew the opportunities for other jobs were few and far between. Since I had 30 years or so left in my career, what was going to happen to my family and me when my successor was ready to take over?
4. **I was not connected to a bigger picture cause.** There was no compelling evidence that the company had any other purpose other than making money. I asked one bank president what his goals were for the next year and he said, "Get more". Not very motivating.
5. **I wanted to continue my development and advancement as a professional.** With many years left in my career, I wanted to continue developing my skills and making greater contributions, but knew that could not occur at that company.

Since I derived no sense of purpose from the company, I had to reach into myself and create my own in order to keep doing a good job. I decided I was in the people development business, and focused on helping my employees and other colleagues throughout the bank grow professionally.

This strategy worked for a number of years and helped me grow as a leader. It put fuel into me and was a way of building my own mission in an organization where I felt like I was simply a highly compensated cog in the machine.

Nevertheless, the circumstances that led to my disengagement did not change, and I began to plan my exit. It took about five years to put my plan together, and I took way too long to execute it. Why? Because I was making such a good salary that it was hard to leave, even if my soul was being sucked out of me.

Was I alone in my disengagement? By no means. One of my peers told me he hated what he did but was too close to retirement to do anything drastic. There were many others as well, even bank presidents.

Did I ever tell anybody what was on my mind? During my performance reviews I made mention of the fact that I wanted to keep progressing, but my manager never took the bait, so I kept quiet until I was ready to leave. I never felt the environment was safe enough to reveal what I was thinking.

Application to Disengaged Executives

1. Neglecting the development of your talented executives puts them at risk of leaving. Worse yet, they might stay, stagnate, and negatively impact the rest of your FI.
2. Don't assume everything is okay just because someone is at a very senior level. People think executives at a certain level have "arrived", that they're at the pinnacle of their careers, and will forever be content doing what they're doing. This is a myth,

but they probably won't let you know anything is wrong.

3. Many executives get to the point where what brought satisfaction to them early in their careers is no longer fulfilling. They reach a different stage in their professional development, but they are still passionate and want to keep growing and contributing.
4. Being part of a high level team with mutual goals and accountabilities keeps executives motivated. Without this unifying sense of purpose executives can run out of gas.
5. The greatest gift you can give your executives is not their salary. Rather, helping them reach and express their full potential as a professional is the greatest perk you can provide them.
6. Creating a unifying purpose around your company's identity and strategy and reinforcing it continually will help your executives embrace your FI's purpose and make it their own.
7. Executives will give allegiance to your FI to a certain level, but ultimately they have to know the organization believes in them and is a place to express their gifts, passion, and purpose. There is no reason anymore for blind loyalty.

Having made application to the case study, let's move on to dramatically increasing executive profitability through the six-step process illustrated in the following diagram and its explanation:

The Process for Building High Executive Leadership Engagement



Six Steps for High Executive Engagement

- 1. Clearly define and communicate your corporate identity and strategy.**
 - Your executive team needs to hear this often and be united around it.
 - Without this as a focal point it is easy for executives to become unfocused and unmotivated.
 - Evaluate how well you are reinforcing it. Top CEOs reinforce their core values and strategy all the time.
- 2. Build your executive team into a real team, not just a committee that meets periodically.**
 - This unifies them and bonds them together toward shared goals.
 - It gives them the feeling of being responsible and accountable to each other.
- 3. Commit to being in the people development business**
 - Show your executives you care about them. Demonstrating your concern for them will help them stay engaged.
 - Meeting one on one with them regularly to better know them and discuss their goals, frustrations, and development is very effective for this.
 - Be open and vulnerable to build trusting relationships, otherwise they will not open up to you.

- Understand their strengths and weaknesses, and coach them to grow in their strengths

4. Create a high quality leadership development program

- This is a best practice approach, where each VP and above participates through team focused leadership instruction as well as a personal coach.
- Workshops on strategy development, innovation, people development, and technical skills can keep people motivated and growing.
- Each participant should have a personalized development plan that is monitored, and for which they are held accountable.
- Your HR team should help you with this and keep a talent and development database.

5. Challenge them with new assignments

- Put them in charge of new initiatives, such as product launches, new business units, or new technology investments.
- These assignments help executives reignite their creative juices.
- Equip them to coach and mentor their direct reports.

6. Lead by example and have a growth plan for yourself

- For your own continuing development and for your entire FI, you need to be engaged in your own development plan and be willing to share it with your team.

Summary

- We began this discussion talking about increasing profitability, and saying there is no greater way to do that than through your executive team.
- Keeping your executive team engaged and passionate will produce many times more profitability and member benefits than anything else you can do. They are the heart of your company, and the rate at which they grow and progress has incalculable impact on your FI and its results.
- In his classic book, **“The 21 Irrefutable Laws of Leadership”**, John Maxwell describes the first law as **“The Law of The Lid”**. This law states that an organization can only succeed to the level of leadership’s ability to lead it. There is nowhere this is more important to a FI than its executive team.
- Executives who want to keep growing professionally are displaying healthy behaviors, so creating an environment that recognizes the importance of keeping them challenged and growing should be a prioritized piece of any CU’s strategy.
- To create this environment the CEO has to be fully engaged in the people development business and spend at least 40% of his or her time on it. Two essential tasks are forming the executive committee members into a real team with goals and accountabilities, and coaching each direct report in their professional development.

- All of this obviously takes time, money, and energy. Making this level of commitment requires you to fully believe in the potential of your executives. If you don't believe in them enough to do this, why are they on your team?
- If you are wary of the commitment to executive development, consider the opportunity cost of not doing it. Remember, this process is so you can grow your FI's profitability, assets, and member benefits. Not engaging in it is a vote for suppressing your FI's growth, profitability, and impact on its members.

CEO Challenge Questions

Apply these questions to your direct reports as well as to yourself. Ask yourself where the hidden profitability may exist in the answers.

1. What are the career aspirations of my direct reports?
2. What energizes each of them?
3. What are the primary strengths and weaknesses of each direct report?
4. What is the right development path for each person?
5. Does each direct report have a development plan?

[Scott McClymonds](#) is a veteran thought leader in the financial services industry. His company, CEO Velocity, is a strategic consulting firm helping FI CEOs create greater profitability, employee engagement, and customer loyalty.