

**Harland Clarke Webcast**  
**The Informed Banker - The Laws of Attraction**  
**TRANSCRIPT**

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**Nathan:** Good day, and welcome to Harland Clarke's The Informed Banker webcast, The Laws of Attraction: Recruiting Top Talent in a Competitive Labor Market. This webcast is being recorded and a replay will be provided to you within a few days. If you have any questions, please use the chat box located in the control panel. The questions are private and are only seen by the presenters. I will now turn the call over to Christine Ahlgren of Harland Clarke. Christine, the call is yours.

**Christine:** Thanks, Nathan. Welcome to all of you who've joined us today for this month's installment of The Informed Banker. This series is designed to bring you succinct, timely information on topics that are critical to community financial institutions. Today's session, The Laws of Attraction: How to Recruit Top Talent in a Competitive Labor Market, will be presented by Holly Fearing of Filene Research. She'll cover effective techniques to recruit and retain top talent. Holly's the Marketing and Communications Director at Filene, and she oversees the marketing activities for the organization. I'll turn it over to you Holly now. Holly, the floor is all yours.

**Holly:** Thank you, Christine. I'm so happy to be back for this series. The largest hurdle today for many organizations is around attracting and retaining talented employees. This actually begins in the marketing departments, so that's why I'm here to talk to you today about this topic, so let's talk strategy.

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It's been nearly 20 years since the watershed report from McKinsey & Company entitled "The War for Talent" was published. That report outlined the challenge the corporate world would face finding smart and technologically informed employees, claiming that even if corporations' demands for talent increased, the supply would dwindle. This global issue is so top of mind among financial institutions that Filene Research created a research center dedicated to, and named after, "The War for Talent".

How will financial institutions compete with larger corporations with vastly more resources and a greater share of media attention in attracting talented workers? With leaders overwhelmingly comprised of soon-to-retire baby boomers, what can these organizations do now, to avert an ensuing leadership

vacuum, with the timely placement of quality workers? This research report, directed by our Filene fellow, Sekou Bermiss, who's a professor at the University of Texas at Austin, exams these questions.

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We only have a short time today so I'm going to get right to The Big Idea here. Within the financial service industry, credit unions and community banks are a unique subset of institutions that have a specific focus on service to their members and the community, which preempts the profit-driven objective. It follows then that the optimal recruiting strategies for these organizations should leverage this difference, to find talented employees.

While our research shows that a large percentage of young professionals are keenly interested in working for a company that makes a social impact, recruiting within smaller financial institutions remains a key challenge. There is a long history of research showing how human capital impacts the performance of organizations, and specifically, the literature suggests that sustained organization performance has become increasingly linked to the knowledge, skills and abilities of an organization's employees. At the same time, the competition for highly qualified applicants has consequently increased, making talent recruitment a vital part of an organization's central strategy.

As attraction is the first step within the recruiting process, it's an appropriate place to begin understanding how organizations prepare to engage in the war for talent within the labor market. What is The Big Idea here?

Clearly, it is to improve the quality and quantity of applicants by adopting some new key strategies. By understanding the three primary determinants of application attraction that is perceived person-organization fit; job and organization characteristics; and recruiter behavior - and I'm going to go into that in a minute, each one a little bit deeper - financial institutions then can evaluate their recruiting strategies, to ensure they align with application expectations and improve their organization's attraction.

The first determinant, perceived person-organization fit, is the strongest and most robust predictor of applicant attraction. Largely, applicants are attracted to an organization where there is a similarity between their personal values and the values of the organization. A key takeaway here is that we must make sure we're publicizing our values and our organizational personality, since applicants use these perceptions to choose a workplace.

Two, the second determinant of organizational attraction is job and organizational characteristics. This determinant includes the basic job

characteristics such as compensation and benefits, also organizational characteristics such as company's image and size. Think for a moment about your organization's image. Is it innovative or is it stuck in its ways, perhaps family friendly or not. What's interesting about this one is that research shows that early in the job search, applicants do use compensation and benefits to narrow down their job choices, but they use the job and organizational characteristics, largely, to make their final decision. Primarily, your image can tip the scales in your favor or else not in your favor. That's why it's really important that you keep your communication strategy in mind.

The third determinant is recruiter behavior. Applicants form strong impressions about an organization based on the behavior of the recruiter. Attraction is strengthened when recruiters are personable and provide timely feedback to applicants about their recruiting process, and is weakened when these behaviors are absent. Recruiter communication is very important because it signals to applicants the fairness of the process, which can increase or decrease attraction accordingly.

Wait, there's just one more. Our research also places particular attention on corporate social performance. This is more about the organization itself rather than what draws in an applicant. The corporate social performance is essentially how well you execute on the organization's commitment to its social responsibilities and relationship with stakeholders. Involvement in the community and volunteer activities are just a few of the factors that we most commonly think about when we talk about CSP.

Since credit unions and community banks embody a commitment to service, while operating in an overwhelmingly profit-driven industry, they largely outpace traditional banks in terms of CSP. Organizations with higher CSP ratings are evaluated as being more attractive to potential applicants. A research finding that is particularly relevant to credit unions and community banks, given their higher than average CSP.

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As I mentioned earlier, CSP is positively related to application attraction to organizations. The better your CSP is the more likely folks are attracted to your organization. Think about it like this. You're much more likely to feel good about yourself as an employee if you work at a place with high CSP. Applicants now actually feel and expect this. In marketing, we're always focused on what we want our audience to do as a result of our messaging, but we also have to take care of the other side of that relationship. We have to look at the, what's-in-it-for-me of the audience.

What exactly is in it for your job applicant? What do they expect from you in other words? One, they expect to experience pride. People do experience a sense of pride when they work for a place with strong ties to the community.

Two, they expect to feel that they belong. Applicants will expect that there will be a fit between their personal values and those of the organization. If you really value, let's say, increasing minority access to financial services, you're way more likely to want to take a job at a financial institution that does too. Millennials today know that they're going to be spending 40-plus hours a week, really most of their waking hours at work. They definitely want to make sure it's working on something meaningful to them.

Three, people expect to be treated well. When an organization has high CSP, especially young people are very likely to assume that the company will also treat them well. After all, if it's actively engaged in doing good in the world, it's a reasonable assumption that the organization will also want to actively promote the wellbeing of their employees.

A couple of things to keep in mind here, this is really interesting. The research shows that size and profitability don't appear to impact attraction - these results are true across various levels of our industry - but familiarity is important. We have to know about an organization's CSP in order to factor it into our evaluation of a potential employer. Really, consider how you're marketing this. [If I've looked] at the industry as a whole, for example, do people know what credit unions are? Do people know how community banks give back to the community? It also applies to each organization individually. Do people know who you are in your community, and to your CSP?

Now I'm going to ask Nathan to engage a poll. We're looking at, does your organization actively promote its CSP, or in other words, the commitment to social responsibilities and its relationship with stakeholders. We're looking at those that say yes it's a big part of it or maybe if it fits in. No, it's not a part of our strategy or maybe you don't know, or you don't know that you do any CSP work.

Alright, this is great. It looks like yes it is a big part of your branding and culture for the majority of people here, so 60%. The next highest is maybe when it fits in. That looks good. You guys are working on your CSP efforts and promoting them.

On the next slide, we are going to talk about that a little bit more and what that looks like at other organizations that do a good job of promoting their CSP. When we have good CSP, we have to think about how we're communicating it. It only helps our potential applicants know about it if they're aware of it. Things

to think about include are you utilizing social media, your website? Are you getting featured by local media?

Here's a couple of great examples. Many of you have heard of REI and their OptOutside campaign. This was launched back in 2015 as a Black Friday alternative. We all know how much money retailers make on Black Friday but REI closed its stores on that day instead, encouraging its staff to spend the day together with family, outside. This created a flood of positive media coverage, incredible goodwill from their staff and members, and most relevant to what we're talking about here, it doubled the number of people applying for jobs at REI.

Although the action seemed counterintuitive, this coop decided that OptOutside was staying true to one of its core principles. It signals to employees that the pro-social mission was important enough to warrant sacrificing profits to maximize its social mission.

Next, I want to talk about The Bridgespan Group. They're a non-profit management consulting firm that values social impact over profit. To effectively serve non-profit companies, though, Bridgespan doesn't charge standard rates, so they can't pay its consultants what they could make elsewhere. However, they have tremendous success attracting talent. In 2005, 1700 applicants were received for 18 jobs. When these employees are asked why those chose Bridgespan, they explained that it was because of the quality of the work, the pro-social mission, and the caliber of their colleagues.

In addition, the company places a high value on work-life balance, vacations, telecommuting and the opportunity to grow into leaders. Bridgespan employees typically go on to become leaders at other non-profits, so it's a launch pad. That's something that Bridgespan uses in its recruiting. Applicants can see a potential path for career growth, even if it's not at Bridgespan, which attracts them to it.

Next, I want to share about Los Andes, a Latin America microfinance organization. They, similar to credit unions and small banks, had two different goals. They were focused on a development goal to help the poor. They also had a banking goal; to keep their doors open by making a profit. Instead of trying to hire people with the exact experience they're looking for, they opted to hire inexperienced recent university graduates, with just a basic technical background, little work experience.

Because they believed that these people were more closely aligned with their organization's values that they could teach them the technical stuff, instead of going out there and finding people with the experience and trying to teach them

the values and culture they were looking for. This was a gamble and they were afraid that this might backfire, but the results showed that it was actually wildly successful for Los Andes.

As small and pro-social banks and credit unions, what can we learn from these examples? If we are experiencing a shallow talent pool, we should consider hiring based on organizational or cultural fit of candidates, instead of looking for applicants with prior work experience. Do your tellers and basic loan staff need to have a banking background, or can we hire for culture instead and train along the way? If your strategy includes this, consider shifting resources into your training and development program, to help socialize the new hires.

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What is the magic formula here? Of course this is all both an art and a science, but there's some key elements that bubbled up out of this research. For one, Millennials truly want to know that they can go within and outside of – they want to know where they can progress within and outside of your organization. Consider helping outline that for them. Programs to help develop them, like a mentoring program, are also likely to increase organizational attractiveness, especially for Millennials and Gen Z. Plus, you'll be more likely to attract applicants who want to move into leadership roles, by doing this. This is especially relevant for financial institutions, as a significant proportion of leaders are slated to retire in the next five to seven years.

Two, Millennials also want to know that they will not be slaves to their jobs. If you can highlight yourself as an organization that can provide a good work-life balance, it'll be more attractive to younger applicants. We're also going to flip the idea of turnover on its head. Just like the Bridgespan Group I just talked about, they hire the consultants who know that their future career growth could take them to other non-profits as leaders. Of course, ideally we want applicants to stay within our organization, but there are a lot of studies showing – there are lots of studies show that there's pain and cost of turnover. If we can leverage this as an attraction tool, it can work in our favor.

Consider tracking where folks go when they leave. Does an employee go to work for a vendor or a potential customer, a potential business customer, of your organization? How can you leverage the relationship with that employee to increase the likelihood of partnering with that company, or landing them as a customer in the future? Additionally, if you pay attention to where employees go when they leave, you can celebrate that. Some companies even have an alumni network, where they show a, where are they now, and you can use that in your recruiting. For example, our employees go on to do A, B and C. This is

also particularly helpful if there isn't much room for growth within your organization right now, but you still want to attract those that are looking for career and leadership advancement.

Okay, we'll move on to the next slide now.

This is our last slide and then I want to open it up to questions from the attendees here. In conclusion, we're looking at what are these key implications then for financial institutions. Well for one, remember that the communications you do with your customers and members are the same ones that potential applicants will see and hear. You need to make sure that you are employing a consistent communication strategy across all media, and keep in mind how human resources can work with the marketing department to help refine that message and attract talent.

Two, as younger generations become a larger part of the workforce, your organization's communications must be evaluated for their effect on the perception of the organization, from both the consumer and the employee perspective and in terms of how they attract talent. Perception is really everything for younger generations is what that is saying. Be sure that you recognize that.

The third key implication here is really talking about how we have strength that we can fully leverage in our collaborative industry. Credit unions and community banks are much more collaborative than other, larger players in this industry. There are oftentimes not only advancement within our organization, but within the industry and across different organizations. Think about how you could outline a career path from a smaller organization to a larger organization and stay in contact with your peer organizations, to create across-industry strategies of that nature.

With that, I want to hand it back over to Christine to see what questions I can help answer.

**Christine:**

Thank you, Holly. Wow, it's amazing how much actionable and insightful information you were able to pack into such a short time. Thank you for that. We have some questions as well from the audience. Those folks who are looking for ways to ask a question of Holly, there's a question box in your WebEx control panel. Please feel free to type in any questions that you might have for Holly there and we'll make sure we get to as many of them as we can.

Holly, the first question for you today is do you have any resources that can help with my organization's recruiting efforts?

- Holly:** Yes, actually we do. I'm really glad that that question came up. In addition to this research report, Filene has put together what we're calling a talent attraction checklist. It's really a very tangible, practical resource for financial institutions to walk through each of those four elements that I talked about earlier: about the values and personality fits, the organization and job characteristics, the recruiter behavior, and the promotion of the CSP element.
- It gives you check boxes to think about when you're creating recruiting strategies. The idea is to bring together key players from the HR team and the marketing team and the leadership team and walk through these and say are we doing these things? Are these the right things for us? Should we change what we're doing based off of these best practices. This resource will be – I'm going to give this to Harland Clarke and then everybody who is on the call today will get that in an email.
- Christine:** That's great. Thanks, Holly. I actually make sure that we send out after each of these presentations a copy of the presentation, a transcript, a link to the recording. I will also ensure that the talent attraction checklist you described will be included in that as well. I'm noticing a lot of the questions here, folks looking for this presentation. Do not fear; you will absolutely receive that.
- On to the next question, another data request here is does Filene have any white papers or research on what Millennials and Gen Z would want in the workplace? Is there anything specific to that genre?
- Holly:** Yes, we do have a lot – we've actually done a number of research reports on the way Millennials think about money and how it's different than other generations. The name of the report is "Generational Money Chatter", and it's one of my favorite research reports from Filene actually. It looks at four different generations and the circumstantial, environmental occurrences that happened around financial topics during their formative years, and how that forms a different relationship for each generation with money.
- Baby boomers had a more positive outlook on taking out mortgages and loans than Millennials today do. Gen Z tends to be more skeptical of financial institution promotions. This research goes really deep into how financial institutions can change their marketing pieces to appeal to each generation.
- Christine:** In terms of how folks would get their hands on that very important report, is that something I can send as well with follow-up materials?
- Holly:** I can send you a link to where we talk about it on our website, on [filene.org](http://filene.org). The full research report is available to Filene members but there are little tidbits and pieces that are also available to others that aren't Filene members.



**Christine:** Fantastic. Okay, we've got time for a couple more questions. What are some best practices for showing your organization's values, so that applicants know if they feel a personal fit or a connection to the organization? It's a good question.

**Holly:** Yeah. That is laid out in the talent attraction checklist. I'll [lead] a couple of the items there that they talk about. First, you want to identify your organization's values and examine how and when they are clearly communicated, both externally and internally. We're looking at, again, bringing together key players from a cross function of HR and marketing and leadership. Just sitting down and saying how do we put our values out there to the marketplace right now, and how do we communicate that to our own staff right now?

The next thing from that is – once you get that, you're going to want to determine what metrics your organization maintains that can demonstrate how well you're doing or how well your commitment is going to those values. You can put it into some sort of proof of progress. Then clarifying how your organization's values are communicated in the recruitment materials. Is that worked into the job application announcement, things like that? That's a great place to start.

**Christine:** Fantastic, Holly. With the last couple of minutes, I'm going to squish two questions together into two parts so we can get all the information out there as soon as possible. The first part is what are the organization or job characteristics that applicants most likely want to know about besides the obvious, which is compensation and benefits? Then the second is would you recommend doing a survey with your existing staff to find out what the attractiveness as an employer is for these folks?

**Holly:** Yeah that's a great idea. To answer the first part, some of the questions that the research recommend that you ask is are you answering questions around if you provide a flexible career path for employees; if there's clear growth potential in the role. What is the work-life balance? Are vacations respected or are you supposed to be on 24-7, things like that? Even just, how the size of the organization can affect somebody's career, longer term. Those are the kinds of things that you might want to think about being prepared to answer because those are the things that people are going to want to know, other than the compensation and benefits.

Then I think a survey is a really great idea. Something that we're doing at Filene in a future event that we're having is we're looking at getting rid of traditional recruiting best practices and looking at the current high performing applicants, and trying to find those trends and patterns around what's the same about them. Especially if you ask some of your higher performing staff what drew

them in, what keeps them coming into the office day in and day out. Those key insights will not only maybe show you something that you're not seeing, but it gives you a model to replicate amongst your key top performers.

**Christine:**

Thanks, Holly. I wish we could go on forever but we've hit the 1:30 hour, so thank you so much for your time, Holly. Thanks to those of you who joined us today and took the time out of your busy schedules to participate in today's call. We are going to have another Informed Banker session, discussing behavioral economics and why they matter, presented by Alix Patterson of Callahan Research on August 23rd.

Thanks, again, for joining us. This concludes today's session. Have a great afternoon.