

## **The Keys to Success** by Charles B. Wendel

Despite the best attempts of consultants, IT firms, and internal bureaucrats to put up and highlight as many roadblocks as possible, at its core banking remains a simple, straightforward business. Today, perhaps more than ever with the constant drumbeats about digital and DEI (diversity, equity, inclusion), as well as the “woke” movement and covid issues, some banks have lost focus on the fundamentals.

Here are six areas that any FI should examine to see where they stack up. Many banks will say they review these areas and succeed at each, but their self-satisfied view may differ from that of the customer and marketplace.

**1. Segmentation/Differentiation.** The best banks I know are different ... in a good way. They operate with a marketing focus that highlights certain industries and/or financing/payments needs. They trade on their expertise and ability to demonstrate their performance. Being a consultant and having seen its benefits, I am a fan of a rigorous annual strategic planning process, a bank-wide approach whereby people review past performance and test their assumptions for the future. Some process should exist to ensure that past approaches and segments remain relevant.

**2. Compensation.** To this day some banks fail to pay their best performers the level of compensation they deserve. HR or top management refuses to pay up. At a minimum that results in disgruntled employees, ones who are looking for an exit rather than putting all their energy into business generation and enhancing the customer experience.

**3. Support groups support.** At many, if not most, banks the balance of power has shifted from the line to staff. While there are many reasons for this, at some banks the revenue generators, once the leaders of the organization, seem to operate at the beck and call of myriad cost centers. The best banks operate with a collaborative approach and with support groups respecting that the line personnel generate the bank’s earnings.

**4. Authentic customer service.** ALL banks promote their love of the customer, but in many cases their assertions fail to match up to reality. Initiatives such as the end of overdraft fees put a bank’s money where its PR mouth is. Rebranding and spending millions on a name that is often sillier than the original name is a major waste of time and dollars.

And a bank’s view of good customer service needs to be amped up considering how other businesses like Amazon operate. One personal example: I recently ordered a pedestal for a sculpture. Imagine my surprise when I checked my email and there was a video from Steve at the company who had built the pedestal and before shipping was showing it to me while checking the measurements to make certain it was what I wanted.

**5. Get back into the office.** This is a tough issue to negotiate, and I do not claim to understand how to maneuver through this land mine. Most senior managers want their people back into the office. They (like me) grew up in this world and see the value of the interaction that an office environment fosters and the training it provides. Many other employees, in particular younger hires, love the freedom that virtual work gives and are perfectly satisfied to attend Zoom

meetings while they work from Tulum or Whistler Mountain. Managements tend to equivocate to “go along to get along,” but there are some hard decisions to be made in this area, decisions that will impact a bank’s culture and performance. Covid’s negative impact cannot include an end to collaboration, mentorship, and a work commitment.

6. **Fad avoidance.** The woke and related movements have hit banking full force. Some banks buckle under the pressure of various special interest groups, hoping that their acquiescence will grant them the equivalent of a “Get out of jail free card” from those groups. Look at American Express if you want to see the extremes that some companies have gone to. The best players do what they need to do in these areas without losing focus on their main mission.

Easy, huh? No, but these are some foundational topics that FIs need to address and revisit regularly.