

MCUL & Affiliates | 2015 Annual Convention and Exposition

Helping Credit Unions
Serve, Grow and Remain Strong

The 3 “R’s” of Talent Management for SAS Credit Unions

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FRESH

Ideas to Reinvent and
Reimagine the
Future of Credit Unions

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RECOGNIZE, REWARD, RETAIN

Helping Credit Unions
Serve, Grow and Remain Strong

Retaining top talent is a challenge for any credit union, but for the SAS CU it is even more challenging. Both you and our employees wear multiple hats and have a significant impact on your CU's success. Amidst the constant juggling of numerous duties and tasks, it is easy to miss opportunities to praise and coach employees. This session will focus on the retention benefits of recognizing and rewarding employees through the use of HR Performance Solutions' automated tools, Performance Pro and Compease.



Employee Turnover Rates

CUNA calculates that turnover in the CU industry is 12%

- 6% - *Management*
- 7% - *Lending*
- 18% *Front-Line*



Employee Turnover Costs

20% (US DOL) to 200% (SHRM) of the employee's salary, depending on the technical nature of the position.

- **\$14,400** turnover cost
 - Average CU employee salary of \$40,000 with conservative turnover cost of 20% (\$8,000/employee) and turnover rate of 12% in a CU with 15 employees



Direct Costs

- *Termination Costs: the costs related to severance packages and administrative functions related to the termination.*
- *Replacement Costs: these costs are associated with advertising open positions, interviewing candidates, pre-employment administrative expenses, travel/moving costs, and more.*
- *Vacancy Costs: overtime expenses and temporary staffers are among the components that are included in this area.*
- *Learning Curve Costs: also known as the costs that go along with training new hires as well as their lack of productivity for the first six to 12 months.*



Indirect/Intangible Costs

- *Lost Knowledge (institutional and technical).*
- *Lost Clients/Sales (member service disruption; lack of sales follow-up).*
- *Declining Morale (burnout and absenteeism).*
- *Rising Inefficiencies.*



Reasons for Turnover

- Bad Manager
- Lack of Opportunity
- Culture
- Compensation & Benefits

Poor Employee Engagement



Employee Engagement

What motivates high performing employees?

- Intrinsic Motivation
- Extrinsic Motivation

High performing employees seek recognition for their contributions.

Performance management accommodates many forms of recognition.



Intrinsic Motivation

Employees motivated by a sense of accomplishment seek internal consonance.

They can lose motivation without clearly-defined expectations.

- Performance goals and competencies
- Ongoing coaching for accountability and gauging satisfaction
- Adjust duties and responsibilities (employees seek opportunities to remain engaged).



Extrinsic Motivation

Employees motivated by rewards and consequences.

They can lose motivation without clear incentives.

- Consistent, objective, comparative evaluation of performance criteria
- Clearly defined rewards/consequences for specific results will motivate employees to perform well
- Tying results to compensation will motivate high performance



Employee Recognition

Employee Recognition Programs can motivate both intrinsic and extrinsic employees.

- Incentive Plans
- Social Sharing Applications
- Other Rewards Programs



Compensation

According a recent SHRM study, compensation/pay is considered the most important aspect of job satisfaction across all demographic employee groups, including Millennial, Generation X, Baby-Boomers, and Traditionalists.

An absent or inconsistent salary structure and/or policy can quickly lead to employee dissatisfaction and ultimately to employee turnover.



Compensation

Sound salary administration will provide many benefits:

- *Eliminate pay discrimination or inequities*
- *Attract and retain competent employees*
- *Ensure internal and external equity*
- *Gain control over the largest expense, after interest*
- *Clarify job expectations and job value*
- *Motivate employees to improve performance*
- *Create career paths and growth opportunities.*

