



Walk The Talk - The Bank's Purpose

by [Steve Brown](#)

Prevention highlights some key benefits people can get from walking just 30 minutes per day. They include such things as: a better mood, improved creativity, increased metabolism, a 20% to 40% reduced chance of stroke, a 30% lower risk of cardiovascular disease, fewer varicose veins as you age, a better digestive system and better focus on goals. We will be back to finish this discussion in a moment, but first we are heading out for a 30 minute walk around the block.

Ahh...back at the desk again. As seen above, the value of walking is clear but what about the value of walking the walk? More specifically, "purpose statements" have become all the rage for companies these days, so it's also easy to be cynical about them. These statements are typically chock full of language about management's concern for employees, customers, shareholders, communities, doing things right and paying attention to the health of their communities. Yet, in the trenches of daily business life, they may not be remembered or used very often.

It may be a good time to revisit or create your bank's purpose statement. A Boston Consulting Group [analysis](#) of purpose and performance finds a strong correlation between 10Y total shareholder return and a highly integrated purpose statement.

So, it looks like a useful purpose statement can boost bank performance while also attracting and engaging good employees. It may also give a bank clarity and guidance, while connecting emotionally and intellectually with clients and shareholders.

That being the case, what makes a good purpose statement? It should be clear, compelling, relevant and noticeable to clients, and employees. It should reflect the bank's history and decisions, and elicit increased loyalty from customers and employees. It can even guide you on challenging business opportunities, if it is truly a reflection of the bank.

Now, we are not saying that a good purpose statement is easy to craft. For it to be meaningful, it will take some time and multiple levels of involvement within the bank.

Start with discovery: find out what the people who work in and with your bank think is its purpose. Use employee workshops and surveys, customer surveys, focus groups, and individual interviews perhaps to ask why everyone thinks your bank thrives. Ask your employees what they see your bank aspiring to do.

A subject matter expert can also be brought in to help you further explore this issue. For instance, SunTrust Bank brought in a researcher on trust, labor relations and governance to share her insights. Granted, not all community banks have the resources for this option, but you may be able to tap into local experts for valuable and less costly feedback.

Next, your bank needs to take the insights you've gained and write a purpose statement that resonates with employees and customers. What's your story? Can you tell it in words? Images? The more engaged your employees are at this stage, the more committed they will be to the purpose.

When you're happy with your purpose statement, you then need to activate it. Enlist leaders at all levels, both customer- and employee-facing, to demonstrate purpose through their words and deeds. Posting it in a prominent area for employees will help them to remember it as well.

Last but not least, embed your bank's stated purpose by making longer-term changes to your organizational

environment: its leadership, design, systems, training, performance management and reward system. All these things shape behavior and reinforce the purpose.

Credible analysis shows a strong link between purpose and performance, so this otherwise touchy feely area of business should probably command a little more respect. Keep walking the walk and taking your bank to the next level one step at a time.

ECONOMY & RATES

Yesterday

Yields tipped down 1bp amid commentary from Fed officials signaling no immediate rate hikes.

Rates As Of: 08/08/2017 11:13AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	1.04	0.00	0.00
6M	1.16	0.00	0.00
1Y	1.22	0.00	0.00
2Y	1.36	0.00	0.00
5Y	1.83	0.00	0.00
10Y	2.28	0.00	0.00
30Y	2.87	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	1.25	0.00	
Prime	Unemployment	Oil	
4.25	0.00	\$0	

[More Market Rates](#)

BANK NEWS

Director Side

Regulators indicate inside directors are bank officers or other bank employees, while outside directors are not bank employees. Directors are viewed as independent if they are free of any family relationships or any material business or professional relationships (other than stock ownership and directorship itself) with the bank or its management.

Growth Priorities

A FIS survey of senior level financial services decision-makers finds priorities for growth over the next 12 months are: acquiring new customers (52%), improving operating margins (48%), improving investment performance (40%), improving customer retention rates (40%), and entering new business lines or products (31%).

Working Structure

The Labor Department reports the percentage of US workers who do some or all of their work at home declined to 22% in 2016 vs. 24% in 2015.

Wells Fargo

The bank filed with the SEC indicating a new review of bank records could reveal a significant increase in unauthorized customer accounts.

Settlement

Wells Fargo has agreed to pay \$108mm to settle a whistleblower lawsuit that claimed it charged military veterans fees to refinance their mortgages and then hid the fees when it applied for federal loan guarantees from the Department of Veterans Affairs.

HEDGING SERVICES FOR COMMUNITY BANKS

Community bankers seeing long-term fixed rate demand from business clients can transform payments into floating rate on their books using Borrowers' Loan Protection (BLP). Learn more [here](#).

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