

# BRANCH MANAGER'S LETTER

*strategies for branching excellence*

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*“One of the best ways to research, develop, and write a dress code is to assign it to a team.”.....page 6*

## How You Recognize Employees Influences Performance

By Bob Romano and Barbara Sanfilippo

“**R**ecognition is a simple acknowledgement verbally or through some deed for a job well done that shows genuine appreciation for a specific behavior,” states Bob Romano, President of Romano & Sanfilippo (Escondido, CA). “The most basic human need is to feel valued and appreciated. When you can do this for employees both morale and productivity can be improved, all other things being equal such as the right job fit, paying market wage, etc.”

When conducting Sales and Service Culture Climate Surveys, Romano & Sanfilippo consistently find that the top two greatest reasons for dissatisfaction are: 1) lack of communication; and 2) lack of recognition and appreciation. The latter is usually number one. “Employees consistently say that *no one appreciates what I do*. They’re looking for that verbal feedback or some sort of acknowledgement,” says Barbara Sanfilippo, Executive Vice President.

### Money Doesn't Always Motivate

Cash incentives and recognition are not the same things. A cash incentive is given in a check. The check is merely a reminder that you performed in a certain manner. “Unless someone actually acknowledges the employee in a way that shows genuine appreciation for the behavior that prompted the cash incentive, it’s not recognition. It’s just a check,” Romano says. “People like money but

they still need to feel appreciated. It’s like parents who don’t spend time with their children and think they can buy their love with lavish gifts. The kids know better and employees do, too.”

Cash incentives won’t compensate for a lousy recognition program. Romano & Sanfilippo, for example, was contacted by a bank faced with poor results from its incentives program. Prior to contacting the firm, the bank had implemented a program that paid employees cash monthly for mortgage loan referrals. For about four to six months the numbers went up. Initially the bank made a big deal out of the incentives. They issued special checks for the incentives and publicized recipients’ names in the employee newsletter. Then management decided to just include the incentive pay with the regular paychecks.

“The incentive pay became a regular part of the employees’ income. All the hoopla stopped like mentioning it in front of other employees,” Sanfilippo continues. “Referral numbers went way down. Even though the bank was paying extra cash the recognition stopped. The payments became routine – not special.”

### Create a Memorable Experience

A study conducted by the Society of Incentives and Travel Executives revealed that tangible incentives dramatically increased work performance by an average of 22%. “The keyword is tangible,” emphasizes Sanfilippo. “Big insur-

ance and investment companies – the non-traditional competitors that banks and credit unions face – know they can't just recognize people by throwing cash at people. Many are using more tangible rewards that give the employee an experience.”

While cash is short lived and often lumped in with other earnings to pay bills, giving employees a “memorable experience” can be highly motivating. “A memorable experience is maybe something you would not have treated yourself to,” Sanfilippo explains. “A memorable experience is something that touches you emotionally. You can recall it with pleasant memories long after the experience.” Examples are dinner at an elegant restaurant or a night at a Bed & Breakfast for two.

“If you give me the money, I might feel guilty using it for an incredible experience,” Sanfilippo says. “When you give me an awesome experience, I feel good about the company. It allowed me to do something in my life I wouldn't normally do.” Because people are so involved and busy, personal services are big right now. Giving an employee a memorable experience, for example, may be a service such as house cleaning, carpet cleaning, or detailing the car.

## Formal Recognition

To sustain an effective formal recognition program, Romano and Sanfilippo recommends:

### ⑧ Establish objective criteria.

Formal recognition is usually tied to achieving performance that will enable the company to realize its corporate goals. The company establishes criteria for getting the recognition. Employees know what they need to do in order to be recognized.

### ⑧ Create symbols of achievement.

These can include plaques and framed certificates and other items that are unique to your institution's culture. When employees see them, they immediately recognize that the person receiving the symbol is a high achiever.

### ⑧ Eliminate the chance factor.

Avoid nominations and sweepstakes.

Employees need to know that if they meet specific criteria, they get the recognition and don't have to rely on somebody nominating them. It also means everyone meeting the criteria will get the recognition. “Sometimes management puts everyone's name in a drawing who meets the criteria. That's the sweepstakes mentality. The employee feels *My recognition is left to chance*. That can work for little prizes but not major rewards,” says Romano.

⑧ **Link recognition programs to major plans.** Recognition programs should generally meet this test: *If we do this recognition, will it impact the strategic initiative?* Let's say you want to increase loans or deposits. This is a measurable process that affects the institution's overall sales goals.

⑧ **Recognize exceeding expectations.** Don't use recognition programs to reward people for what should be normal performance. Make sure you establish the right criteria for job expectations. For example, a loan officer is making \$35,000 a year. You should expect that person to bring in \$xxx annually in loans. Recognition should be reserved for going above that expectation.

⑧ **Make the recognition well worth the effort you're asking employees to put forth.** “If you set goals properly, your institution will make a handsome return on its investment in an

achievement club and the dollars spent to create an event to remember,” Romano says. “Conduct a memorable event that represents the highest standard of excellence. Make it exclusive for employees who have met the criteria.”

⑧ **Be consistent throughout the institution.** Get the entire organization to set up a formal recognition program. People start complaining when one branch offers more or better programs than another.

⑧ **Recognize employees at regularly scheduled times such as quarterly.** This way, employees know whoever meets the criteria will be assured of getting recognized throughout the year. Always try to present recognition in front of peers.

⑧ **Give individual and team awards.** Create a balanced program that recognizes both individuals and teams. “If you overdo the individual awards, you can destroy the team cohesiveness. But if you only have team awards and no individual recognition, people who are the stars feel like you're not recognizing them,” explains Sanfilippo. At one bank Sanfilippo worked with, team awards were given based on the following criteria: deposit and loan goals, customer service scores, product knowledge testing scores, and meeting budget. Any branch that met the criteria received the team award – the entire branch staff got to

## Recognition – Find Out What Employees Value

“With recognition, find out what employees like and don't like. Then once the program is developed, it's the employees' program,” says Bob Romano, President of Romano & Sanfilippo (Escondido, CA). Anytime you give people “ownership”, they're more enthusiastic and motivated.

“Buy-in is one of the biggest obstacles to sales and service culture development. And recognition is a key part of the culture,” Romano says. “You have to get employees creating the culture's standards and programs. Then it becomes their initiative. It's something they want to do and be part of.”

When working with clients to implement a sales and service culture, Romano & Sanfilippo provides them with GuideBooklets™ on specific components such as recognition. Each GuideBooklet™ is a detailed, step-by-step “instruction manual” to teams of employees to implement the component. With recognition, for instance, getting employee input is a key requirement.

Surveys and focus groups help reveal employees' preferences. During one-on-one meetings, ask employees *How would you like to be rewarded? What do you value?* “If someone has a two-room apartment, this person may not want house-cleaning. Maybe a massage is their ideal reward,” Romano says. “You don't really know what the person needs or values unless you ask.”

spend two nights at a local resort.

⊗ **Recognize support departments.** If you're getting great service from areas like accounting or IT, have a way of thanking those people. "Make sure support areas get rewarded for giving great service. That helps encourage a cohesive spirit of *we all work together for the customer's benefit*," says Sanfilippo.

⊗ **Have credible ways to measure if people met the criteria.** Even though the criteria may be totally objective, if employees don't have trust in your sales tracking software, your recognition program will suffer from a credibility gap.

## Informal Recognition

Unlike formal recognition, informal doesn't have specific criteria. You catch people doing things right and provide immediate, on-the-spot recognition. "Employees don't expect informal recognition. Even the supervisor doesn't plan the event," says Romano.

Don't give lavish gifts when you recognize people informally. The idea is to demonstrate that people are appreciated. Give tokens of appreciation such as a coupon for yogurt, handwritten thank you note, or a piece of chocolate wrapped beautifully. Surveys consistently show that what people value most is genuine praise and thank you's. Romano & Sanfilippo have a "kudos board" in their office. It's a white board that says "kudos". Anytime someone feels that anyone deserves recognition, they write the person's name on the board and highlight why.

Terrific opportunities for giving informal recognition include:

- ⊗ going above and beyond the call of duty on a project, for a customer/member, or co-worker
- ⊗ preventing a disaster
- ⊗ effectively handling complaints by an unhappy customer/member
- ⊗ continued excellent or improved

work performance

⊗ identifying and/or implementing ideas that improve productivity for a department or the entire institution

*Founded in 1989, Romano & Sanfilippo, LLC is a national consulting and training company that helps organizations increase customer/member service and sales performance and also select the best employees for sales and service positions. Their approach employs not only training but also systems and processes such as performance management, customer/member relationship management, service standards and more that measurably change employee behavior.*

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## Got a Recognition Program? Analyze Results

"You need to evaluate whether a recognition program is getting the results you want," advises Barbara Sanfilippo, Executive Vice President of Romano & Sanfilippo (Escondido, CA). "A program could even be doing harm." For instance, Romano & Sanfilippo has worked with clients who think they have good recognition programs like employee of the month or some sort of nomination program. When they survey employees, however, feedback shows the staff isn't happy. The program is viewed as a popularity contest.

### Do Periodic Checks

"You don't need a lot of formal research to see the value of a well implemented recognition program," maintains Bob Romano, President. Try these ideas:

\* **Look for obvious indicators.**

Examples are better communication between management and employees, higher morale, lower turnover, and climbing sales and service levels.

\* **Ask employees.** Romano & Sanfilippo does Sales and Service Culture Climate Surveys for clients. The surveys measure all the attributes of a sales and service culture. "Recognition is a big part of climate," emphasizes Romano. "When you're trying to change a culture, you look at the attitudes and behaviors of the employees. Attitude determines people's behavior in many respects. Culture and climate are closely related. It's a compilation of the attitudes and behaviors of employees."

Even if you don't do an entire climate survey, conduct a recognition check-in survey with employees. Ask questions such as:

- ⊗ rate the program
- ⊗ what do your peers say about the program
- ⊗ how could the program be improved
- ⊗ what motivates you

\* **Measure results.** Let's say you want to improve member and customer service. Take random samplings by doing exit surveys. If you notice service scores climbing and you're recognizing employees for service, there's probably a connection. Another example is improving cross-sales ratios. Do the math and find out if you're reaching those hard-core numbers.