

Make Room For Younger Leaders To Grow

Dear Baby Boomers - Your younger employees are waiting for you to retire.

Dear Younger Managers - Research shows that 65% of Baby Boomers expect to work past age 65.

Fact - In a research study completed by Peter Cappelli and his associates, the average age of today's C-suite executives is 57, up from an average of 51 years in 2001.

Current Management Conditions

Tenured managers (Baby Boomers) are filling a management team seat that younger managers would like to occupy. Tenured managers are retaining responsibilities that younger managers view as their next development opportunity. Tenured managers might be slow to adopt change because they have developed their desired best practices.

These conditions are not new. Banking and economic trends are cyclical. In the 1970s and 1980s when the Baby Boomers were entering banking, they had similar thoughts about their managers. In business, there is always a point in time when organizations transition from experienced and tenured managers to next generation managers. The incoming managers are frequently thirty and forty-something employees that have been working, and learning, and developing in your organization. It is a good thing when organizations are internally growing their managers.

Unfortunately, it is not uncommon to hear a community bank CEO talking about an entire senior management team that will be retiring in a five-year window. Not a preferred outcome when culture, continuity, and momentum are corporate directives.

What can community banks do to maintain momentum when addressing management team transitions?

In many organization's there are dynamics in play that slow the transition to younger leaders.

Manager Development Conditions

Consider what got the Baby Boomers to the roles they are filling today. Hard work, longevity and a capacity to learn new skills on-the-job. Many Boomers started their management careers in their early thirties. They started in an entry level position and learned about the bank and the banking industry. They knew they would have to earn the right to be a manager or leader and that the best opportunities took patience and persistence. Sound familiar? Very similar to conditions today.

Boomers were also entering the workforce during a time when banks were responding to changing market conditions, including inflation. Deregulation of legacy products was in process and new oversight was being introduced to govern emerging services. At the time the new services included ATMs, NOW accounts and telephone bill pay. Banks were working feverously to build new skills and knowledgebases to keep pace with the changes. The banking environment was beginning to manage new risks as the new products and services brought with them a higher level

of scrutiny. Sound familiar? Very similar to conditions today.

Banks were hiring and Baby Boomers were the available generation of employees. Armed with college degrees and a solid work ethic, they were confident they could do the job. With so many changes occurring at once, bank managers were open to asking the young professionals to take on new duties and challenges. The managers trusted the younger managers to dig in and learn what they needed to know. The philosophy of ‘trust but verify’ was in play.

It might seem like a risky move, but at the time, it was an acceptable way of identifying professionals that displayed the determination and talent needed to become a future leader. The process also allowed senior leaders to quickly determine who was not ready to be a manager.

Changes Are Coming

Baby Boomers are thinking about retirement. Thinking, yes. Planning to retire, no. Unfortunately, too often, they are failing to build an exit strategy that will provide for a seamless transition to the next leader. Their careers have defined them for the last 50 years and they may not be ready to focus on retirement plans or deadlines.

Organizations, in general, and Baby Boomers in particular, are doing our emerging leaders a disservice by holding on too long. It’s not that outcomes are deteriorating; everything might be just fine. What is missing is the influx of youthful, sometimes naïve, ideas that help change the course of previous paradigms.

What is missing is the youthful energy to tackle everything we put on the things-to-do list. We need those younger leaders to excel in their emerging roles.

The transition to younger leaders doesn’t mean Baby Boomers need to retire. It does mean that Baby Boomers need to direct their time and attention to the development of emerging leaders. Make it your daily mission to equip your direct reports for a successful career in bank leadership.

Baby Boomers, redirect your daily responsibilities and duties from completing tasks to developing people and relationships. Another manager, probably a younger, less-experienced manager, can complete most of your daily activities. Use your experience and industry tenure to coach and mentor the success of the organization’s emerging leaders.

Too often we hear senior leaders sharing frustrations that there is no time to do anything new or different. In most cases, they have developed a daily routine around tasks which consumes all their time, rather than developing the skills of the people they manage. They justify their activities as the most efficient way to get things done. Unfortunately, they miss the opportunity to build scalable solutions by simply equipping their managers with the required skills.

People Are More Important Than Tasks

It is time for Baby Boomers to step outside their comfort zone. Instead of applying your knowledge and experience to daily tasks, adjust your execution and share that expertise with your emerging leaders. There is no excuse for poor succession management. Younger managers are eager to learn. Give them the opportunity to

develop into an employee you would be proud to see sitting in your place at the senior management table.

We might think that things were different in the 1970s and 1980s, but were they? The specifics have changed, but most of the underlying challenges are the same. Today we have market forces like inflation, customer loyalty, fintech competition, digital services and communications, cryptocurrency, cybersecurity, and payment services. There will always be a trend to investigate or follow. There will be regulatory pressures. There will be compliance challenges. And, because change requires everyone to continue learning, we will always have a need for staff development. Sound familiar? That's banking today and every day.

So, here's the question Baby Boomers.

How can you help your emerging leaders develop their skills and knowledgebase?

Delegate – Assign your daily tasks to members of your team.

Share Your Knowledge – Set aside time to invest in your future managers. Discuss more than operational competencies. Help them nurture curiosity, creative decision-making, and the relationship philosophies you have developed during your tenure.

Mentor Daily – Instead of having your future managers follow you, develop ways to have the walk beside you through the development process. Demand active

participation in developing important skills and knowledge. Challenge them to grow and provide them with sufficient support to achieve success. Your experience (a byproduct of time and interactions) will clarify the correct priorities.

Focus On Future Success – Embrace the idea that your efforts will propel the success of the organization long after you start filling your days with hobbies, travel, and family.

Begin Today – Create an exit strategy that provides sufficient time to fully develop your emerging leaders. Make it your mission to ensure that future leaders will perform at an exceptional level.

Market forces like inflation, fintech competition, digital everything, cryptocurrency, cybersecurity, and payment services are shaping the emerging changes in banking. It is not a new condition. It has happened before. Banking has cycles. The question is, 'Will you use your life experiences and knowledge to improve your organization's outcomes moving forward?'. Be an active participant in succession planning, succession management, and successor development.

