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VBA

Northern New England CEO Summit

Attracting & Retaining Talent, Succession Planning, Culture

Cameron Boyd, Managing Partner
January 30, 2025

Session Objectives

1. Provide you with an overview of trends in the US and northern New England labor markets that are impacting your hiring efforts now, and into the future.

2. Help you to understand that the key to finding, keeping, and motivating the best & brightest is your ***Employee Value Proposition***.

3. Take you behind the curtain on the headhunter's view of where talented people want to work, and where they don't.

4. Tie this to Succession Planning, Talent Acquisition, and high-performance Cultures.

5. Send you back to your banks with actionable nuggets.

Show of hands:

Hiring good people recently has been:

A) The easiest it's ever been

B) Moderately easier

C) About the same

D) Moderately more difficult

E) Darn near impossible

Where have all the workers gone?

"It's been on a steady decline for the past 20-plus years, ***largely driven by the start of Boomer retirements*** *and subsequent generations being smaller, and fell off of a cliff during the pandemic,"* Boyd said.

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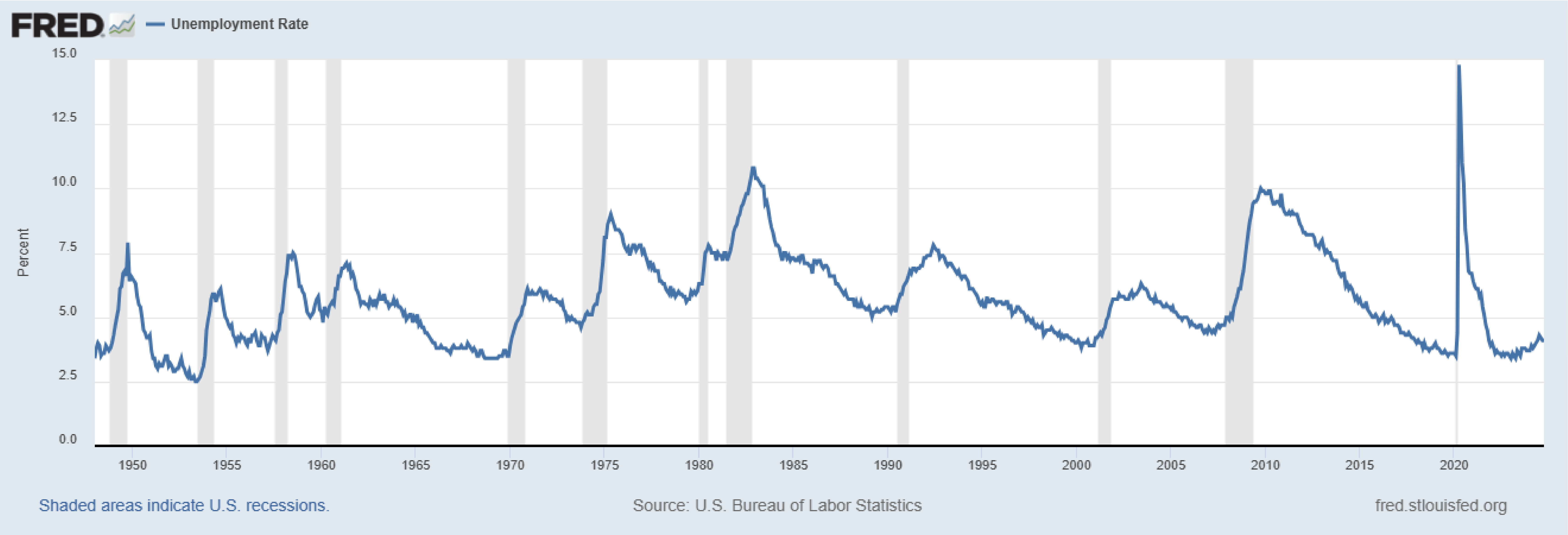
"The struggle is real across all industries, and ***most small, community financial institutions do not have a clear value proposition*** *to prospective talent as to why they should quit their current job to come work for them."*

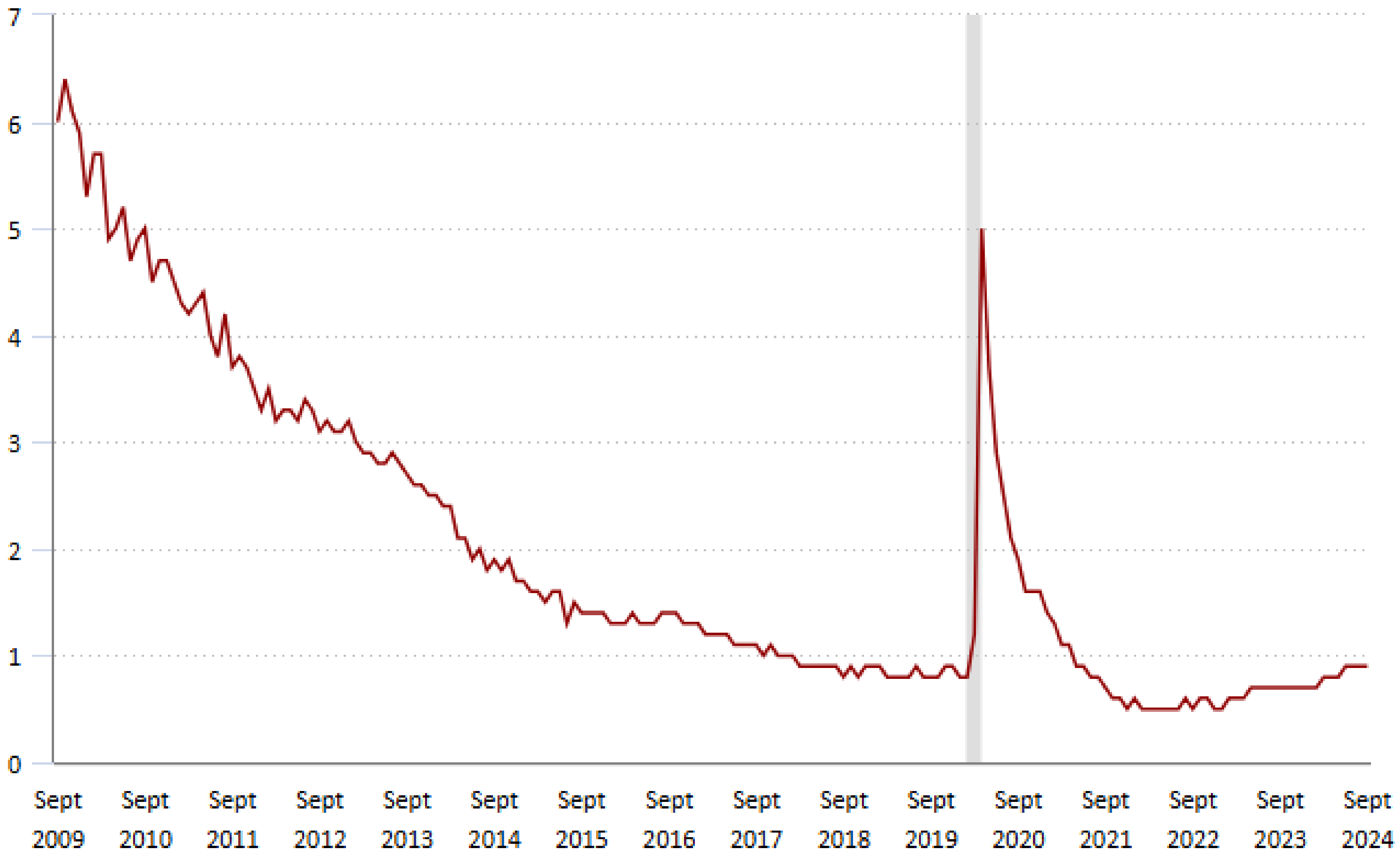
S&W

US Unemployment Rate - Post WWII



1. Up recently, but still near all-time lows.
2. Low unemployment is good for the economy. Tough for hiring.

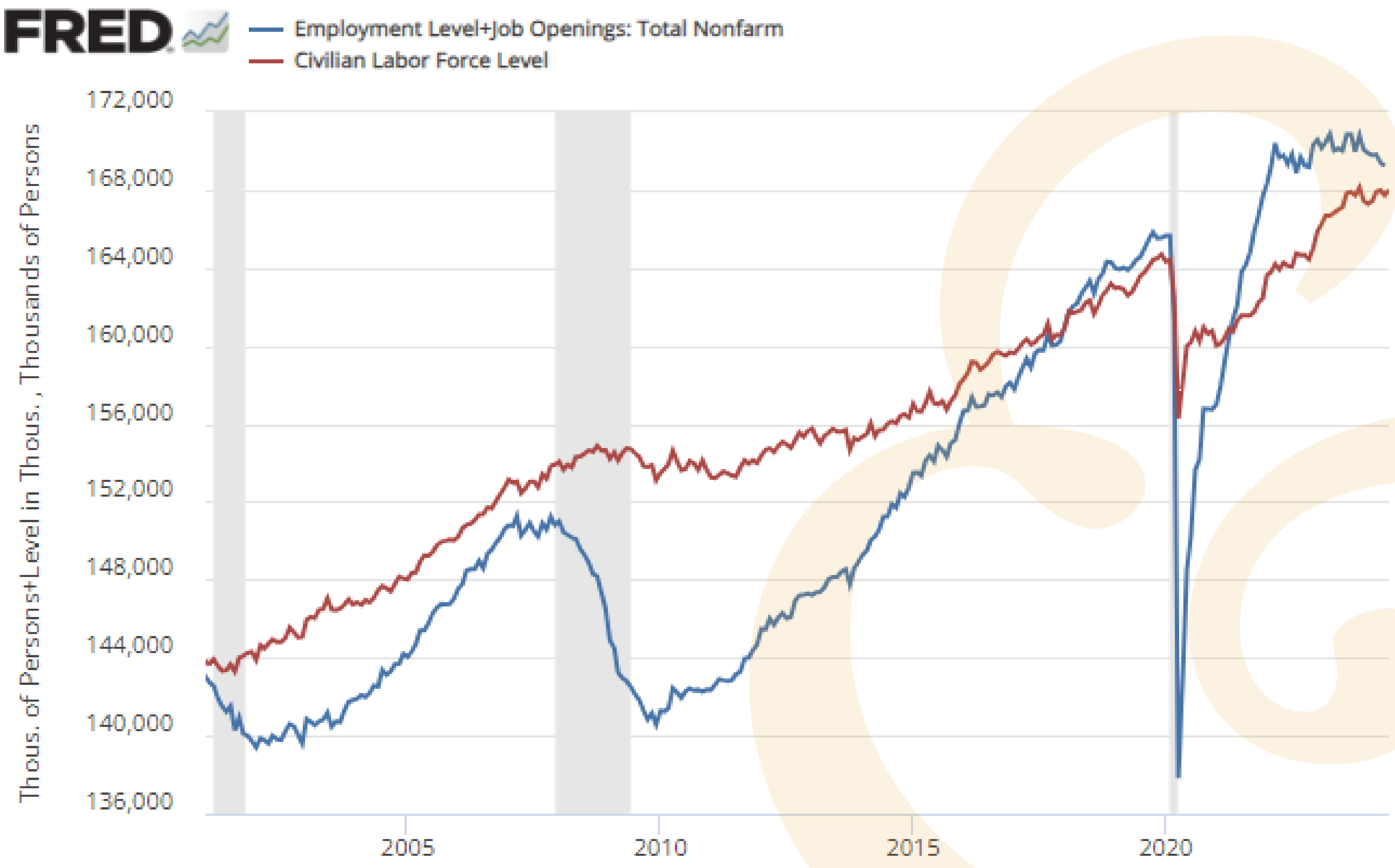
Unemployed Persons Per Job Opening



1. In the absence of applicants, candidates should be viewed as recruits.
2. Do you have a clear Value Proposition as to why someone with lots of options should quit their job and come work for you?

Source: U.S. Bureau of Labor Statistics

Unemployed Persons Per Job Opening

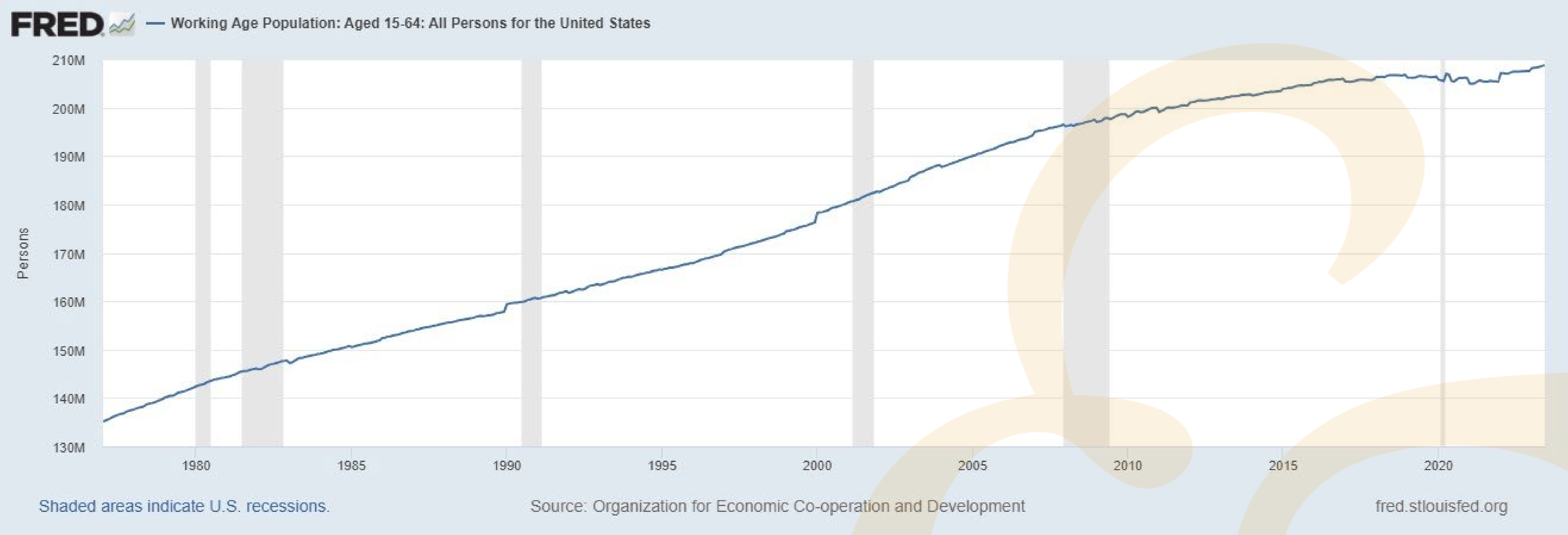


Source: Federal Reserve Bank of St. Louis

Unemployed Persons per Job Opening: Maine

Source: Maine's Economic Outlook

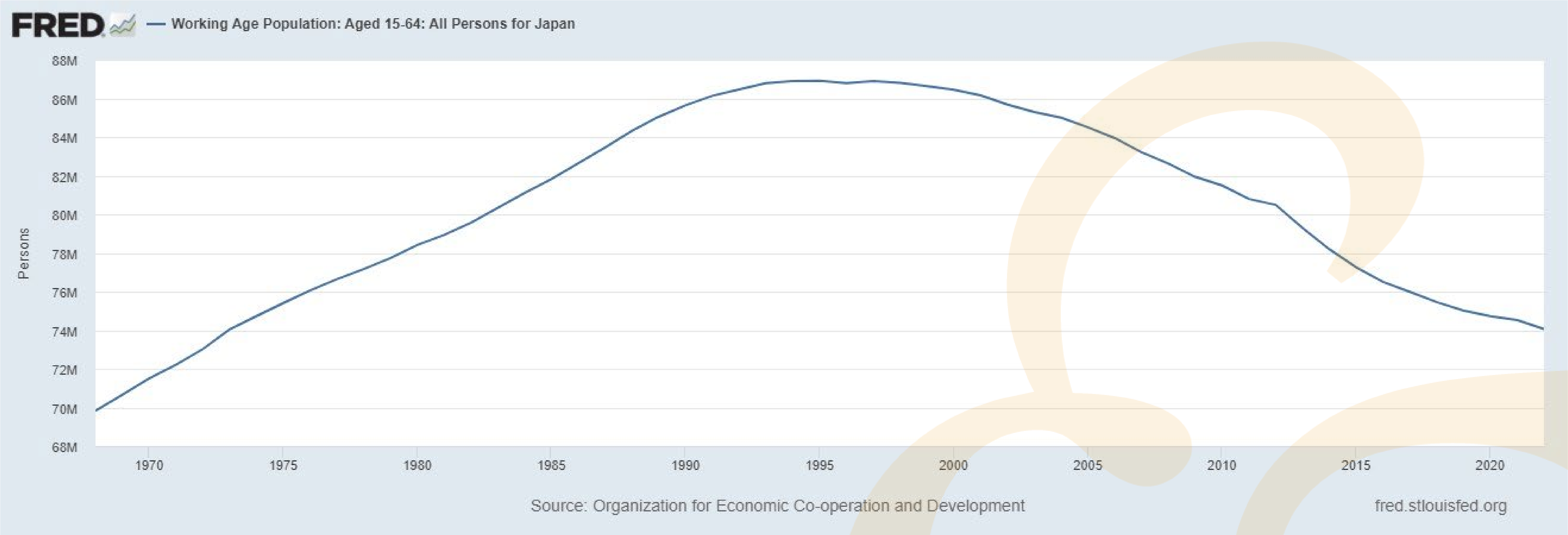
US Working Age Population: Aged 15-64



1. The US has workers. Which is good news. It could certainly be worse.
2. Consider very briefly the long-term trends of countries with declining populations:

Source: Federal Reserve Bank of St. Louis

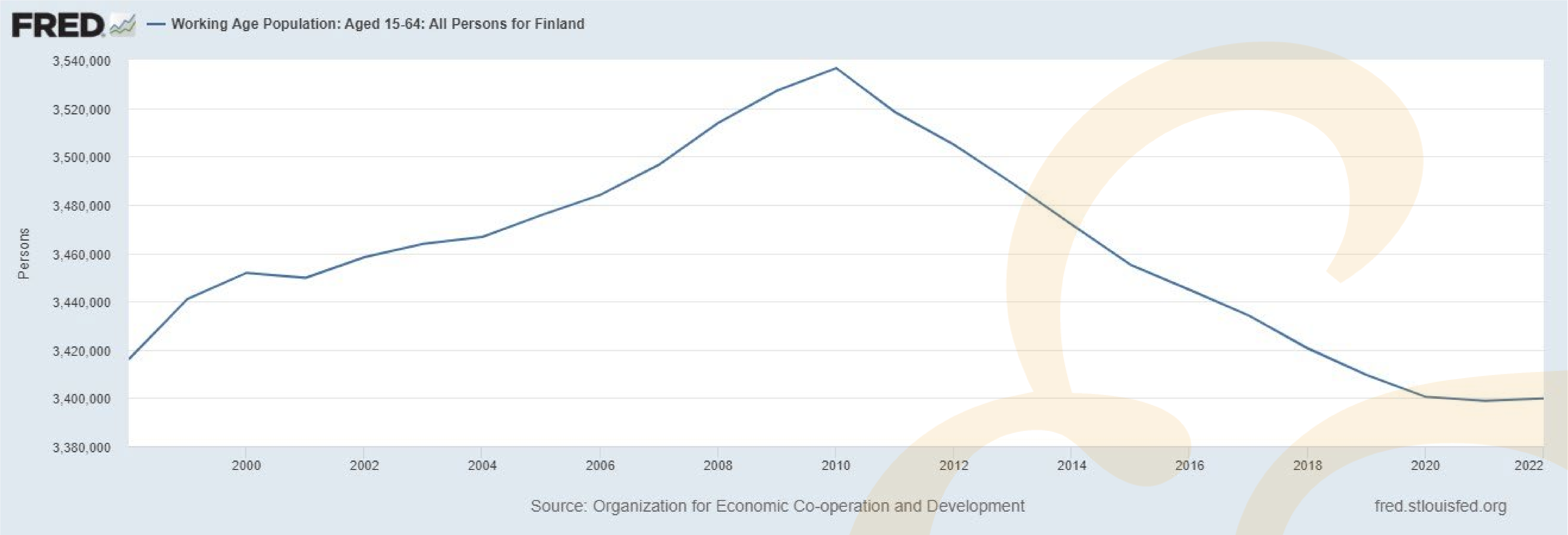
Japan



Japan’s declining working age population

Source: Federal Reserve Bank of St. Louis

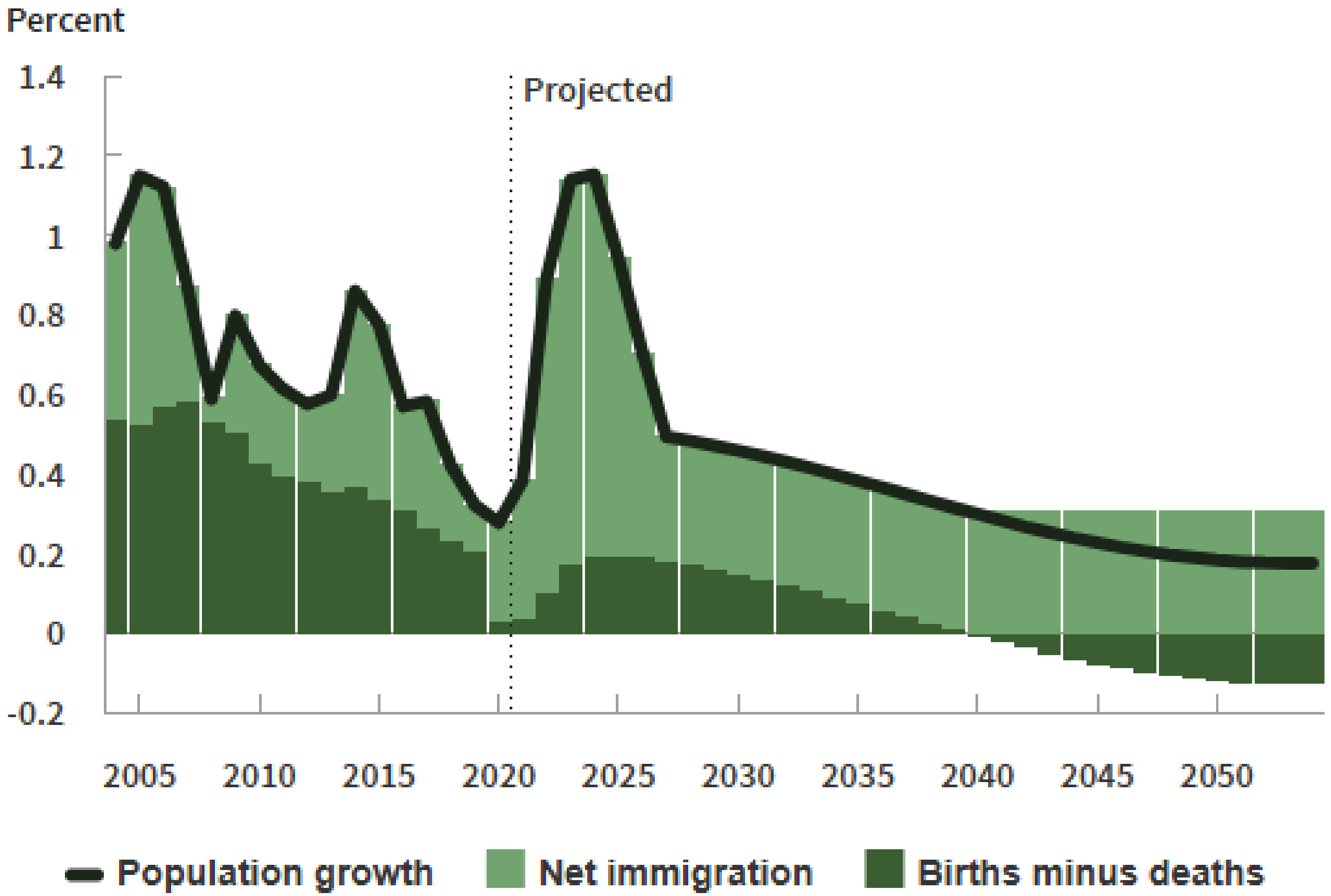
Finland



Finland's declining working age population

Source: Federal Reserve Bank of St. Louis

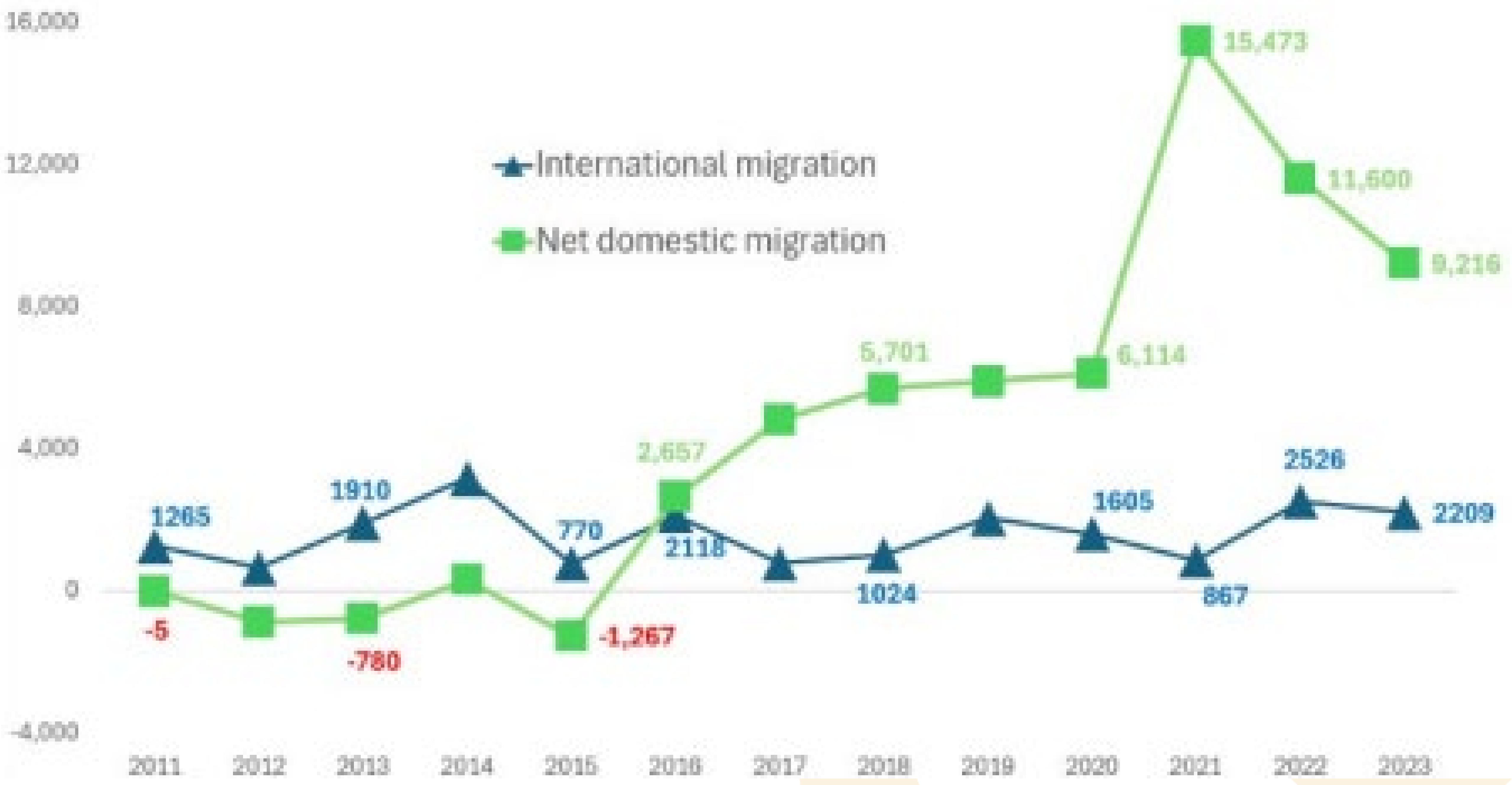
Projected US Population Growth



US Population Growth from ‘24-’54 is projected to be HALF what it was in the 30 years prior.

Source: Congressional Budget Office

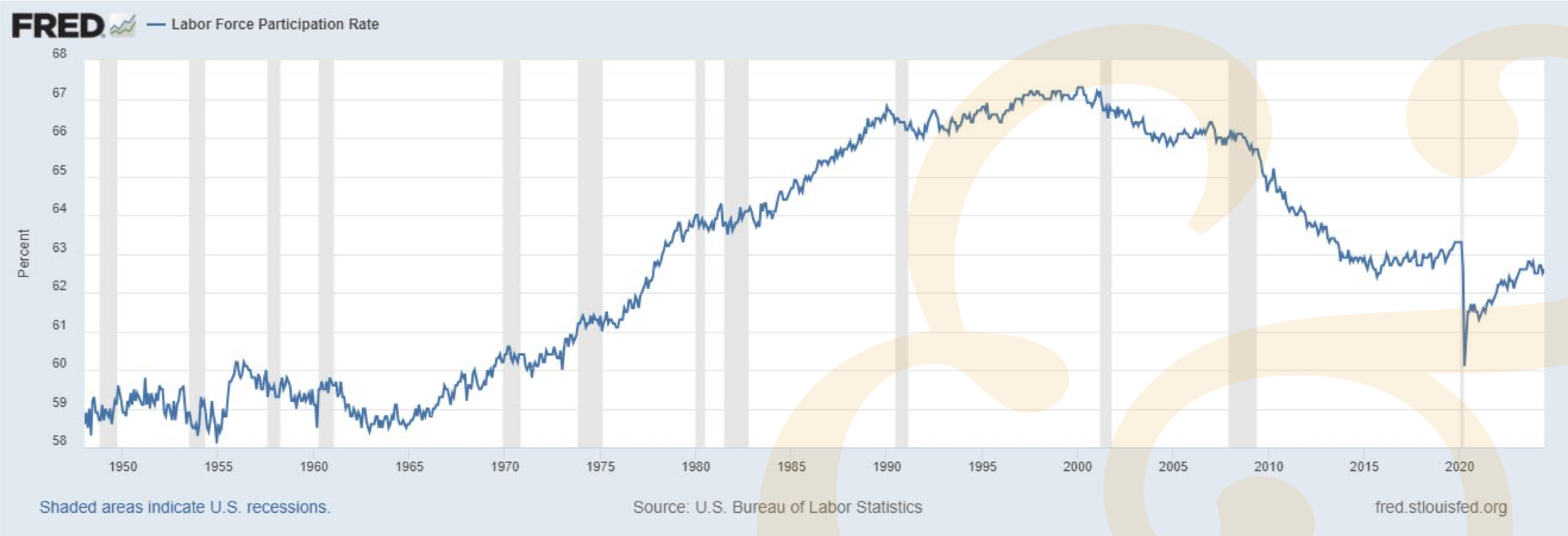
Northern New England Population Growth



1. This is Maine's population growth. The highest in the region from 2020-2023, driven by "migration."
2. The secret is out about ***The Way Life Should Be***.

Source: Maine Children's Alliance/US Census,
2023 National and State Population Estimates

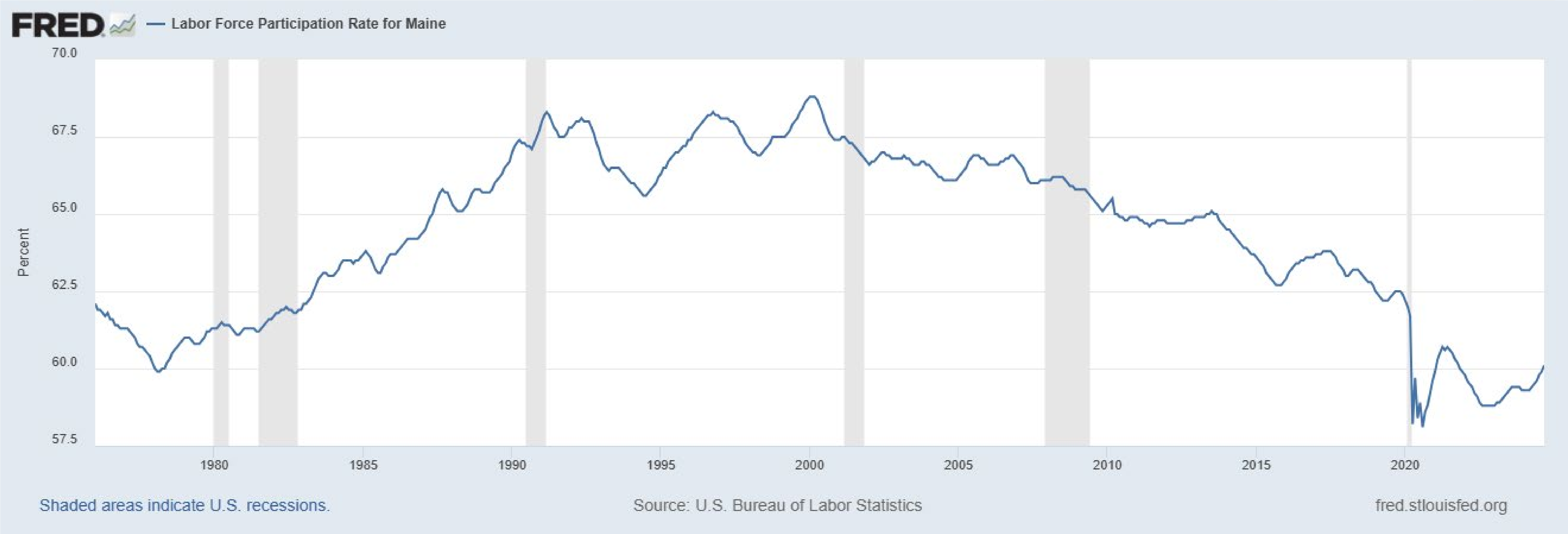
Labor Force Participation Rate (LFPR)



LFPR = % of the population that is either **working or actively looking for work.**

Source: Federal Reserve Bank of St. Louis

Maine Labor Force Participation Rate



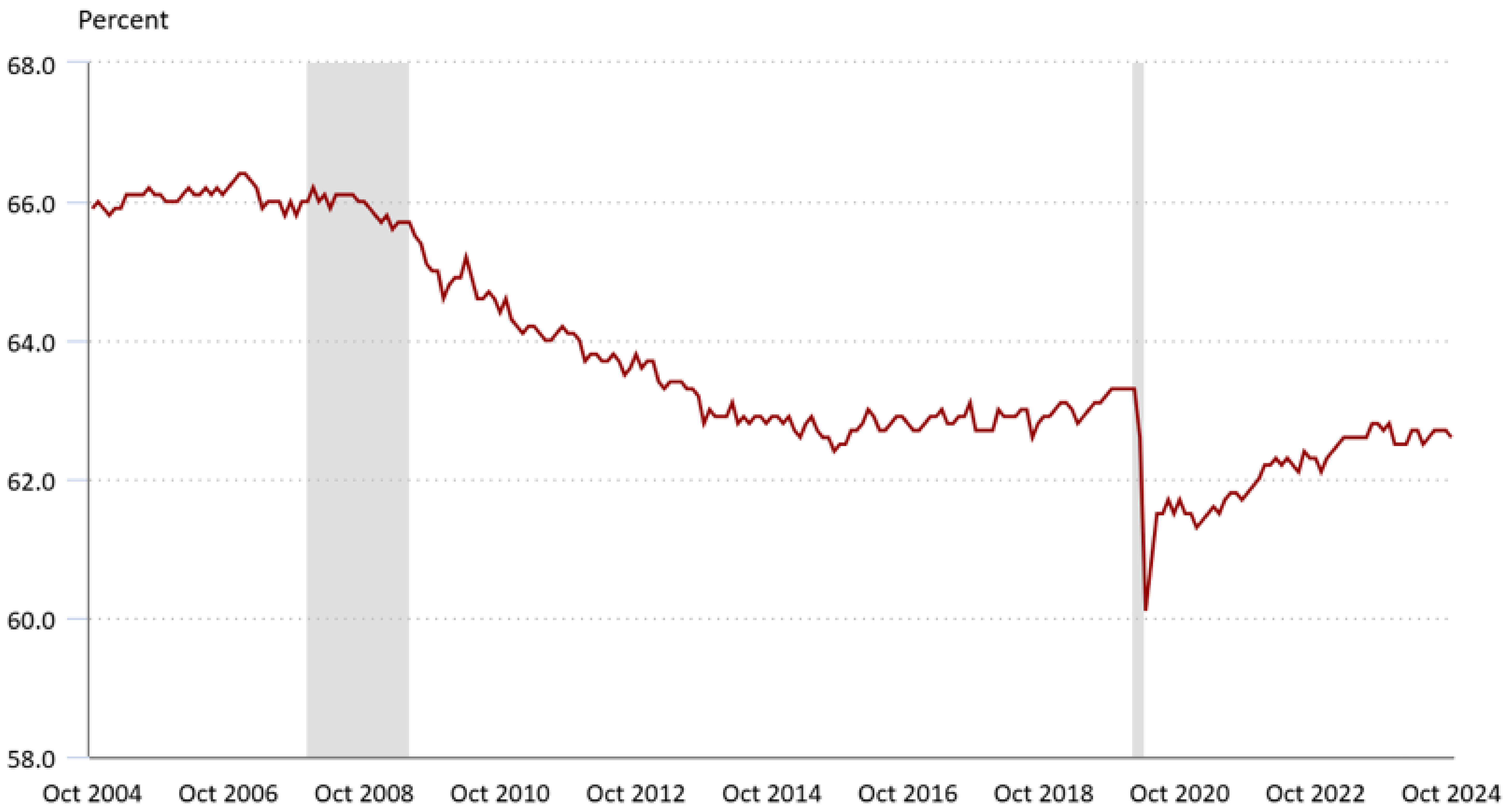
Maine's Labor Force Participation Rate lags the national average, 60.1% vs. 62.7% as of late 2024.

Source: Federal Reserve Bank of St. Louis

LFPR: 2001 - 2017

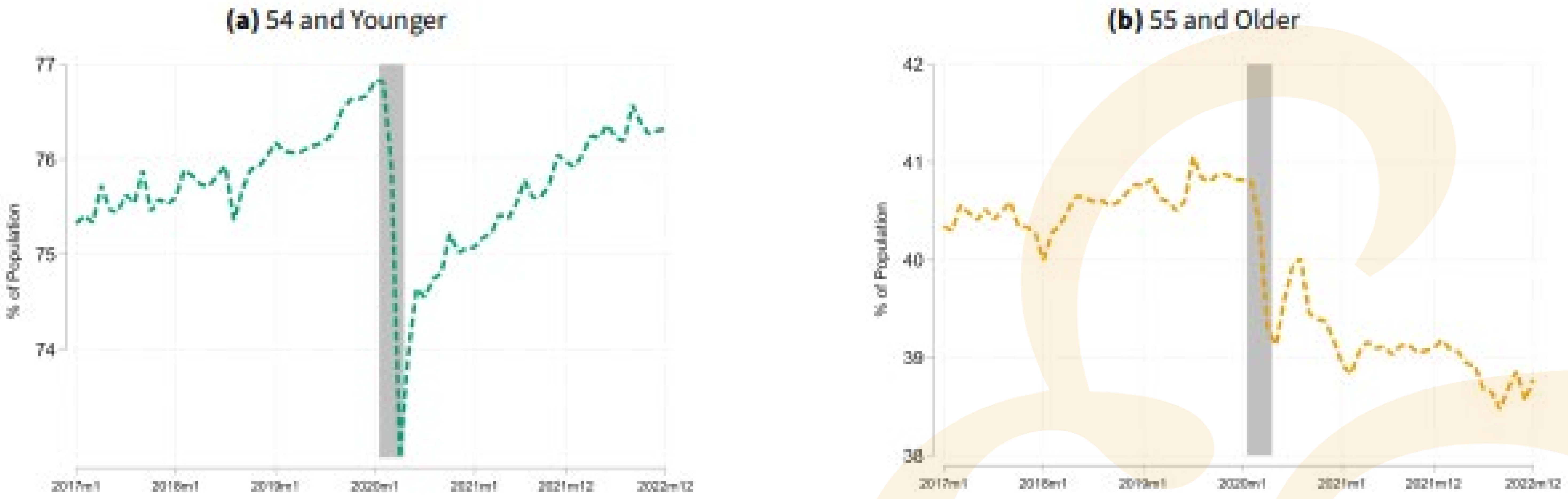
Source: Federal Reserve Bank of St. Louis

LFPR: 2004 - 2024



Source: U.S. Bureau of Labor Statistics

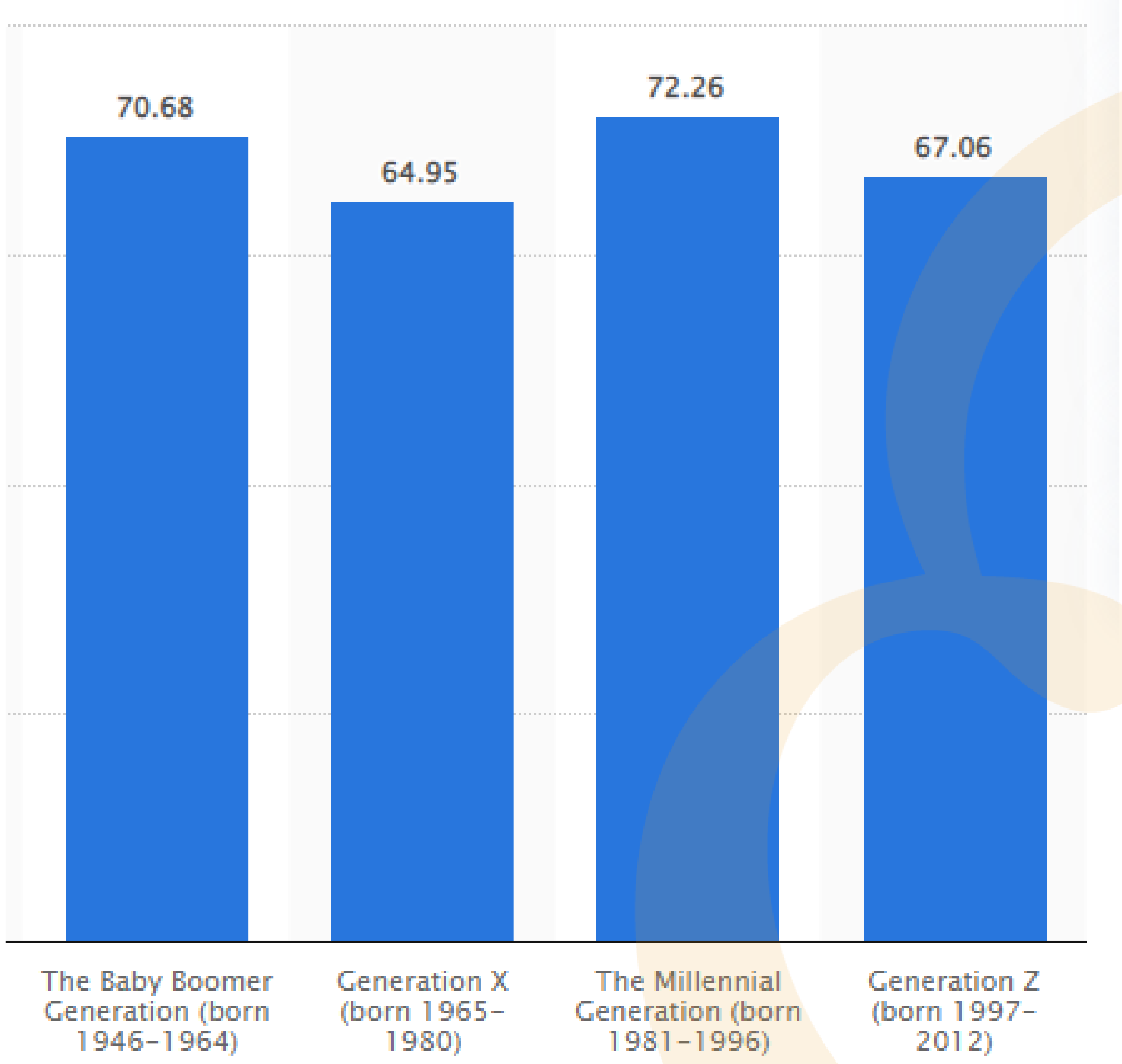
LFPR – COVID a catalyst for change



3.27 M workers between 55-70 have left the workforce since the pandemic.

Source: Federal Reserve Bank of St. Louis

US Population by Generation



Source: Statista

Other Contributing Factors

In addition to declining LFPR:

- Lack of access to affordable childcare
- Higher interest rates & reduced home affordability make relocating more expensive
- Caring for aging parents
- The gig economy
- A more existential reimagining of the role of work and careers by younger generations.

Source: Statista

Demographic Summary

- Long-term population trends nationally are concerning. Regionally, it's a mixed bag.
- Despite some post-COVID improvements to **LFPR**, workforce participation **has been declining.**
- We have enough workers now, but we don't have enough workers who want to work.
- Unemployment remains near all-time lows
- Northern New England unemployment and LFPR rates are below the national average, meaning the market is even tighter here.
- There are fewer applicants to go around.
- There is extreme competition for the talent that is available.
- Good people have a lot of options.

How can your talent strategy succeed despite challenging demographic headwinds?

So, what are we going to do about it?

Employee Value Proposition

What is it, and why does it matter?

Simply put:

Why should someone **quit their job** to come work for you?

Why should someone **stay with you** if the grass is greener elsewhere?

Case Study: The Village Bank

$1.9B Mutual

Employee Value Proposition

BANKING ON THE VALUE OF OUR PEOPLE.

As a mutual community bank, created solely to serve others, The Village Bank has always understood the value of people. It's why we offer a full range of affordable products to help individuals, families, and business owners realize their goals, and why we support events, causes, and organizations that make life better *for all members of our communities.*

It's also why we have a deep appreciation and value for our employees.

Our people are at the center of all the good work we do for our customers and all members of our communities. That's why we're proud to offer a unique and rewarding work environment to help them prosper, including:

Professional growth and development

Here you'll find opportunities for individual growth and advancement and the power to contribute to our company-wide success.

Quality people

There's a spirit of professionalism, collaboration, and kindness in all members of our team – at every level of our organization.

Culture of Giving

We offer time off for volunteerism and

Work/Life Balance

We never forget the reasons why our

CAREER OPPORTUNITIES

RECENT NEWS

Case Study: Federal Reserve Bank of Boston

Employee Value Proposition – Making a Difference

Pride in Public Service

Our employees take great pride in working for an organization whose mission is to promote sound economic growth and financial stability in the New England area and the United States. We serve the public through high-quality research, regulatory approaches, financial services, outreach programs, and a commitment to leadership and innovation.

Employees at the Federal Reserve Bank of Boston are very involved in developing strong partnerships with local government, businesses, and support organizations in New England to enhance public awareness of local and national issues affecting the economy, credit and financial systems.

Our employees undertake challenging assignments in support of the Bank's mission, contributing to decisions that affect the economic and financial health of the New England area, the United States and, more broadly, the world.

Diversity & Inclusion

Our employees believe in diversity and the strength that comes from diverse perspectives, ideas and approaches to solving important business problems. They are a part of an organizational culture that embraces and leverages diverse employees, constituents, and community partnerships. Diversity and inclusion are celebrated through numerous educational programs, development initiatives and cultural enrichment activities taking place throughout the year.

Opportunities for Professional & Career Development

Our employees enjoy numerous professional and developmental opportunities that are available through interactive classroom experiences, challenging work and action-learning assignments. Professional and career development is supported by a tuition reimbursement program, individualized career counseling, coaching, leadership and

Know & communicate your Employee Value Proposition

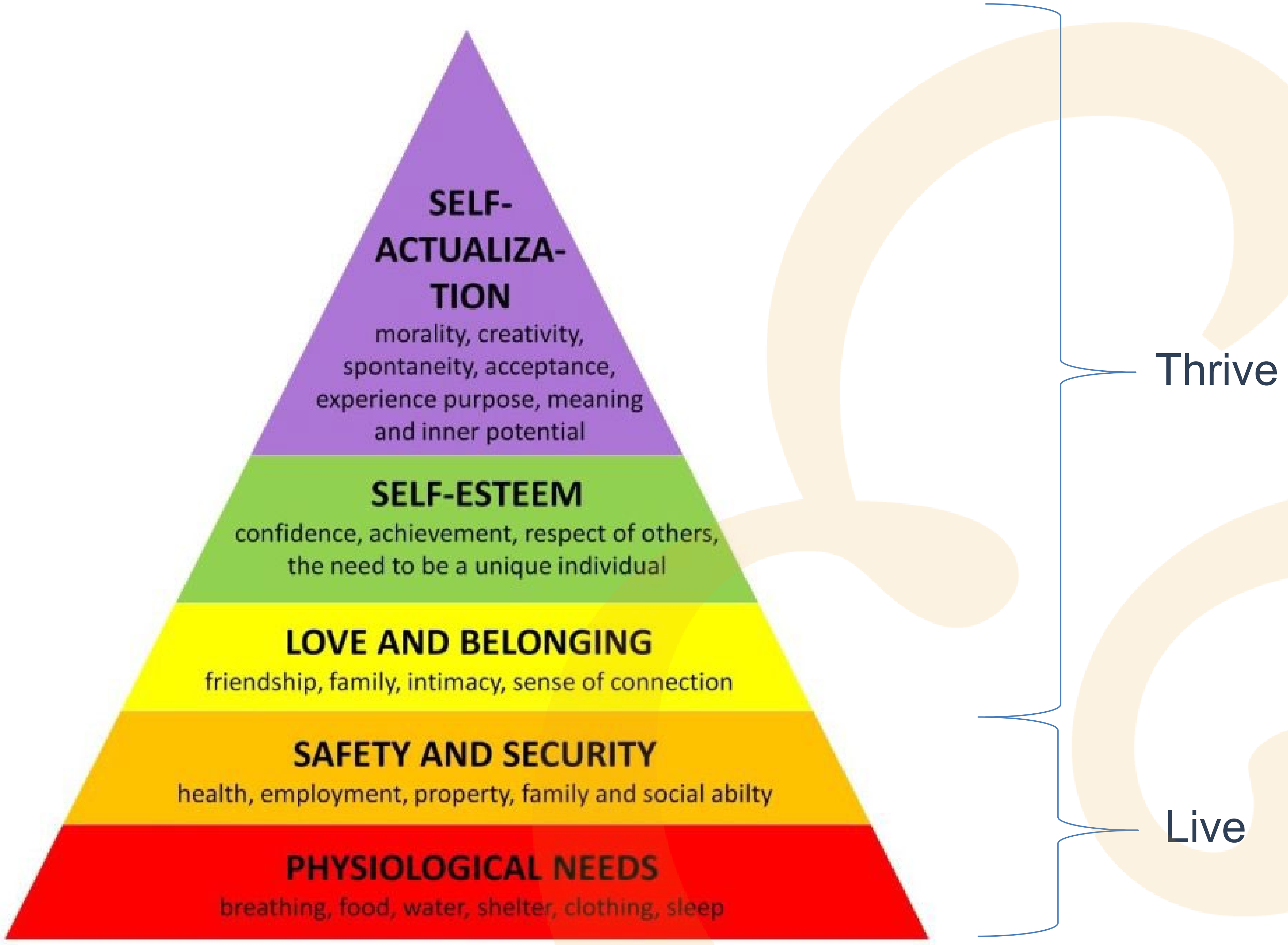
CLAMPS Framework

The aspects of what makes you happy in your career:

- Challenge
- Location
- Advancement
- Money
- People
- Security

What can you offer that's difficult to replicate?

Maslow's Hierarchy of Needs



Do your employees have a job or a purpose?

Succession Planning

"One day, this will all be yours…"

Show of hands:

1. What percentage of your C-suite was promoted from within?:

A) 80% - 100%
B) 60% - 80%
C) 40% - 60%
D) 20% - 40%
E) < 20%

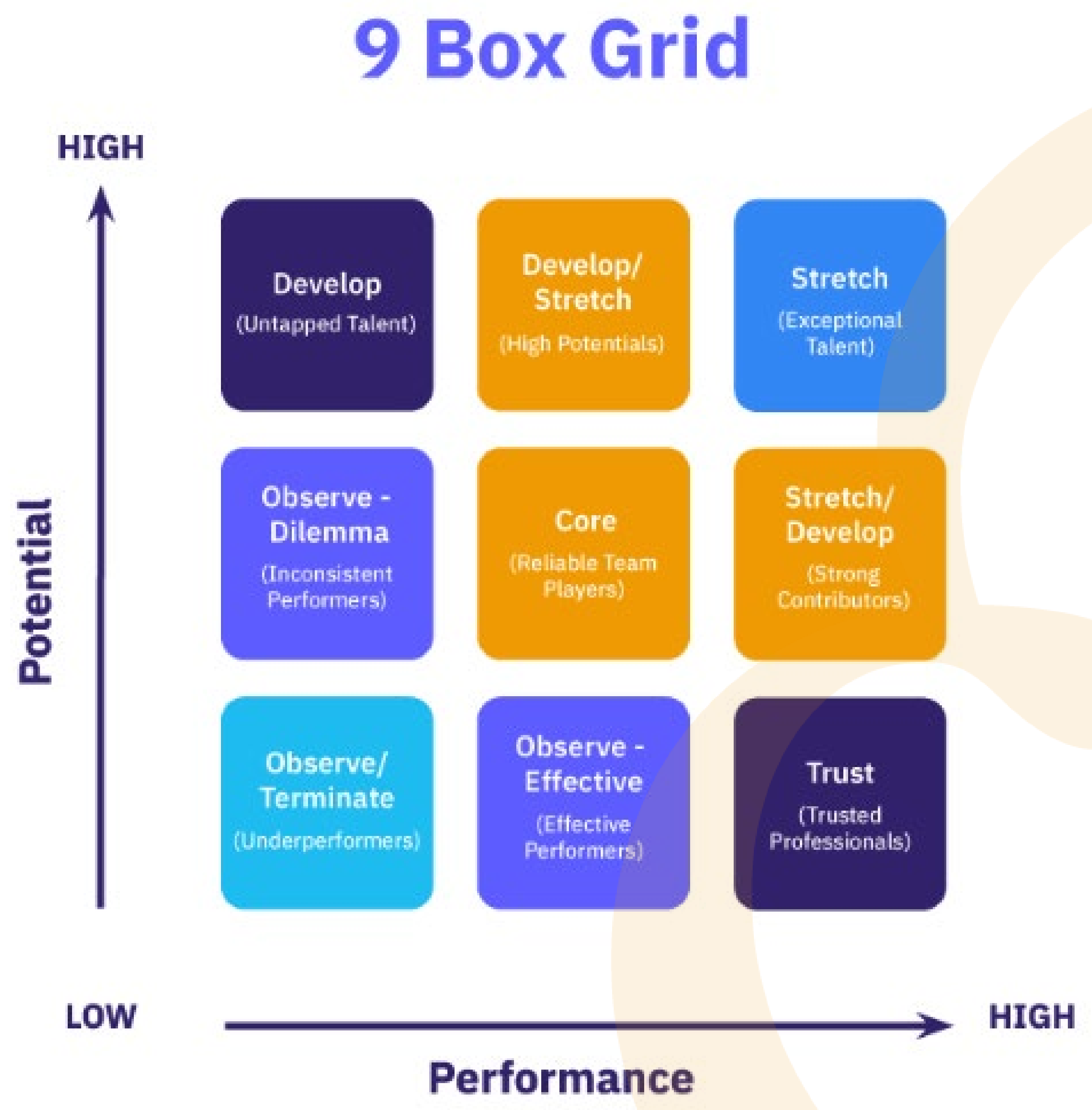
2. On a scale of 1-10, how confident are you that you have a comprehensive leadership development plan in place for future leaders?

3. What outside resources are you using for upskilling the technical and/or leadership skills of your top talent?

A) Stonier School of Banking
B) State Banking Association, ABA, or ICBA courses
C) Executive Coaching
D) All of the above
E) None of the above

4. Do you have a management training program?

Talent Mapping



Succession Planning should focus on your Stars

Source: AIHR: Academy to Innovate HR

Attracting & Retaining Talent

Source: Harvard Business Review

Show of hands:

1. Do you have an internship program?:

2. Do you have a rotational program for junior executives to expose them to cross-functional experiences?

3. What percentage of your C-suite do you have "locked in" with long-term incentive plans, SERPs, or employment contracts?

A) 80% - 100%
B) 60% - 80%
C) 40% - 60%
D) 20% - 40%
E) < 20%

4. What percentage of your C-suite do you anticipate retiring in the next 5 years?

A) 80% - 100%
B) 60% - 80%
C) 40% - 60%
D) 20% - 40%
E) < 20%

Attracting & Retaining Talent: Gen Z

Source: Getty Images

Attracting & Retaining Talent: Gen Z

Banks Must:

1. Make radical progress with DEI.
2. Modernize antiquated jobs and notions of career opportunities.
3. Transform the learning experience.
4. Become a technology and data magnet.
5. Build authentic purpose & drive societal impact.
6. Energize the culture with wellness, flexibility and transparency.

“You can’t put tomorrow’s talent in yesterday’s jobs.”

Source: EY: “How Banking on Gen Z Talent Will Make or Break The Future of Banking”

Culture

Show of hands:

On a scale of 1-10, how confident are you that leaders within your bank are consistent across departments in leadership practices?

How often are you having conversations with your most talented people about their career aspirations?

A) Quarterly or more
B) 2x / year
C) 1x / year
D) Rarely
E) Never

What percentage of your short-term incentive plan (annual bonus) is based on individual performance versus bank-wide performance?

A) 80% - 100%
B) 60% - 80%
C) 40% - 60%
D) 20% - 40%
E) < 20%

Outstanding performance at our bank is recognized via:

A) Company-wide in-person meetings
B) Company-wide emails or memos
C) Within individual departments
D) One-on-one

Hallmarks of High -Performance Cultures

1) Leaders inspire and motivate their workforce.
2) Employees feel empowered and engaged to work at their full potential.
3) Teams are built on a strong growth mindset.
4) Trust and psychological safety are central to organizational culture.

Do you have high-performers, or do you have a high-performance culture?

Source: “High -Performance Culture: What It Is and How to Create It.” By Catherine Tansey and Camille Hogg, July 25, 2023

Conclusion

The Challenges

- Historically low unemployment nationally, even lower regionally, and even lower for people with college degrees.
- Fewer unemployed people than job openings = not enough people to go around.
- Shrinking population growth.
- Low LFPR national, even lower regionally.

The Opportunity

- You can more effectively compete for talent by embracing your ***Employee Value Proposition*** (EVP).
- View your current people as well as "applicants" as **recruits**.
- Differentiate by giving people a sense of **purpose**.

Questions?

Smith & Wilkinson

PARTNERS IN TALENT