



Community Banking

Personality Profiles Predict Hiring Success

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By Anthony Malakian

Now 20 months into operations, there is one surprising thing about Oregon City, OR's Lewis & Clark Bank: of the 20 original employees hired, 19 are still there. While startups tend to have high turnover, this de novo has grown from \$13 million to \$83 million in total assets and only one person has been terminated.

When you consider that analysts say that to lose one employee can cost the bank two-to-three times that employee's fully loaded annual salary, making wise hiring choices is imperative for community banks. In addition, a turnover ratio of five percent over a year and a half is quite impressive when analysts say 25 percent is more the norm for a community bank.

After rising up the ranks at Merchants Bancorp, Trey Maust and Jeffrey Sumpter left the Gresham, OR-based company to found Lewis & Clark Bank. They started hiring in September 2006 and in December of that same year, they opened the bank's doors.

Maust attributes their success in hiring to an employee screening tool they took with them from Merchants. Despite being a startup-and the frugality that accompanies it-Maust and co-founder Sumpter still decided to use the Predictive Index from the get go at Lewis & Clark. Maust, who was the CFO at Merchants, says the PI Worldwide tool has been decidedly valuable for his community bank because immediately those employees who came on board were put into positions where they could succeed as opposed to simply putting them into spots that needed to be filled.

The way the Web-based Predictive Index works is an applicant is first given a set of 50 adjectives and asked to click on those that best describe them. Among the bevy of adjectives are words like: conscientious, giving, shy, jovial, brave, timid, etc. Then they are given a list of those same adjectives and asked which ones they feel their employer would find valuable.

This simple test, which takes five to 15 minutes to complete, produces a three-page report that describes how a person views him or herself, how they feel others view them, and a synthesis of the two. From there a reading is given that shows the subject's strongest behaviors, a summary of how the person will work and what areas they will feel most comfortable, and their

management style, their selling style and suggestions as to how to maximize their effectiveness, productivity and job satisfaction.

Everybody is different. Some people love public recognition, some hate it. Some people love dealing with the public and can carry on a conversation with a stranger, some will avoid outside contact at all costs. As Maust says, a business development officer knocking on doors is different than the commercial loans officers, who tend to be more analytical. "What you find in a lot of banks is they push the tellers to be sales people," Maust says. "And there is a very big difference between someone who is a proficient sales person and someone who has more of an operational-type of mindset and to push that sales approach on them is very uncomfortable."

Turnover costs add up quickly, says PI's director of research Todd Harris. For an employee who makes \$50K, it will cost the bank \$100,000 to \$150,000 to replace him because of the time it takes to find a replacement, training the new hire and getting them fully up to speed, expertise lost, and "X" factors such as the customer relationships with clients and co-workers that will be lost. The higher up the ladder, the more the damage.

The Predictive Index, which was developed in 1955 by Arnold Daniel as a way to help the military find a better way to select fighter pilots, is used by approximately 7,000 organizations in over 130 countries. Other banking clients include Bank of the Sierra, Citizens Business Bank, Security State Bank and Texas Bank.

Bank of the Sierra, which has \$1.3 billion in total assets, turned to PI Worldwide to help with its succession planning five years ago and still uses it for new recruits, says the bank's president and CEO James Holly. "It has done all the things that we thought it might do," he says. "It really tells you a lot about the person that you hire, what kind of person they are, it helps you to understand your direct subordinates in the bank because everyone has a very unique behavioral index."

Every job description in the bank has an ideal predictive index score. When the bank is hiring they match the candidate up to that score, although Holly says of course there is flexibility. In addition to PI, Bank of the Sierra incorporates the more well known Wonderlic Test, which is made up of 50 questions to test a subject's intelligence and is well-known for its use in the National Football League.

Holly says that the bank was getting discouraging results by hiring high school and junior college kids only to find out that they couldn't add, subtract, multiply, divide or string together two complete sentences. The bank's turnover was around the industry average, perhaps slightly higher, he says. Since employing the PI and Wonderlic tests, though, that number is now "significantly lower than the industry standard," Holly says.

PI and Wonderlic are only two personality/intelligence tests being employed by banks these days. Since 2000, Harris says, there has been a greater demand among company officials to get a

better feel for their employees and the positions they are hiring for. The Mechanics Bank and Hilltop National Bank each use human resource management and employee assessment tools by Profiles International. Big banks such as Bank of America have employed the Myers-Briggs personality test, which was originated by famed Swiss psychiatrist Carl Gustav Jung. Wachovia turned to The Enneagram Institute for profiling help.

"A lot of times I see companies jump right into the hiring part of the equation without having a good enough understanding of, 'What do we really need this person to do, behaviorally,'" Harris says. A grade point average can only provide so much information. And when the wrong hire can be financially devastating, getting the job done right the first time is imperative. And as Holly notes: "Once you hire someone these days, getting rid of them is very difficult and time consuming." (c) 2008 U.S. Banker and SourceMedia, Inc. All Rights Reserved.

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