

Part One

Why Teamwork Matters in Organizations

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ESSAY ONE

Teamwork in Financial Institutions—Does It Really Matter?

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Not only do effective team-based behaviors “matter” in financial institutions but a case can be made that they have, and will continue to, predict success and failure. It is well documented that the functioning of a team has a direct and significant correlation to achieving its stated goals. For any particular team, the case for a positive correlation is short and indisputable. But what happens when an organization is an ecosystem of independent and often competing teams? Such is the case for most financial institutions—both those that remain today as well as those that have become casualties of industry evolution and business cycle disruption. In such an environment, teamwork may be the difference between thriving and ceasing to exist.

Most financial institutions are balance-sheet driven, with organizational structures dictated by line of business that further align with financial statement category. For example, there will likely be a lending division with component reporting units for commercial, retail, and residential products. The aggregation of the individual obligations of these products will appear on the company’s balance sheet as commercial loans outstanding, auto loans, credit card loans, and so on. Often the balance sheet and income statement become the de facto report cards of the institution.

Supporting these “balance sheet–oriented” divisions will be teams from areas like human resources, facilities, information technology, customer service, debt recovery, and more. A financial services organization could easily have twenty-five or more balance sheet divisions below the corporate level and a like number of support divisions. As you visualize the organizational chart, each of these divisions will be made up of multiple teams with more granular objectives in support of their respective business units.

Unfortunately, the organizational chart will resemble the classic row of silos with a corporate ring at the top. Most business units, regardless of size, are managed through measurable and clearly defined metrics. These metrics within one silo should cascade down from the divisional lead and help define success for each individual team. While seemingly simple within the divisional silo, the metrics of one silo often come at the expense of another silo or of those support teams referenced above. For example, the real estate lending team has a metric on loans originated, and clearly more is better. However, the loss mitigation team has a metric related to delinquent loans where one bad mortgage boosts the metric in the wrong direction by hundreds of thousands of dollars. The typical conflicts in success metrics for silo component teams in financial institutions could fill this book. Wall Street and Main Street are littered with the names of once proud financial brands that could not coordinate the tension among individual, team, and divisional success metrics in such a way that it created a win vertically (divisional), a win horizontally (across multiple divisions), and a win corporately (mission-based attainment).

It may be illustrative to look at my own institution and our methods in dealing with silo conflict. SEFCU is a \$2.4 billion credit union serving many of the population centers in upstate New York. We were chartered and have operated in an uninterrupted manner since 1934. We have more than forty branches, 750 employees, and two wholly owned subsidiaries (a mortgage bank and an insurance agency). While we have many of the structural characteristics detailed above, we attack silo conflict through a shared sense of purpose and a focus on corporate culture. The combination of these elements and a “just do the right thing”

approach to empowerment provide the decision-making guidance necessary to overcome silo conflict.

We have adopted a “banking with a purpose” (BWP) business model. This overarching approach has four pillars, starting with our *employees*, followed by our *members* (customers), then our *community*, and finally our *business partners*. We elevate our employees to the top of the priority list—if they are not ready, engaged, and working together, the rest of the model fails. We then address the needs of both our current and future customers. We also contribute a minimum of 20 percent of our net income to our community in a variety of forms of philanthropy. This approach gives the prior two pillars (employees and customers) something to take pride in and an opportunity to be part of something much bigger than themselves or their divisions. Finally, we have a programmatic approach to working with our business partners to ensure they benefit from their association with the SEFCU ecosystem. For each of these four pillars, we have success metrics that define both organizational and team success.

We have fostered a six-point corporate culture, including member service, teamwork, continuous improvement, change management, fun, and wellness. While non-numeric, this “way of doing business” is reiterated in both word and action at all levels. These elements define how we will operate on the inside of SEFCU’s four walls.

BWP + Corporate Culture, SEFCU-Style, become the lens through which we can identify, measure, and react to team success metrics horizontally, vertically, and at the corporate level. Our not-for-profit approach mutes an overemphasis on balance sheet success metrics, and our relatively small size provides for a more narrow structural height and depth—again giving us a better chance to overcome silo-based team metric conflict.

In sum, we recognize that if we do not properly promote teamwork throughout our ecosystem, we lose. At our financial institution, we use our mission, business model, metrics, training, incentives, structure, culture, decision making, and even physical space arrangements to promote collaboration and a sense of shared purpose. When it comes to financial institutions, teamwork matters.