

Culture Assessment Tools

Jeff Judy & Associates

Culture counts! "Culture" points to the alignment between management vision and front-line execution. When the people who carry out your strategies have a different understanding of what's important, of what you are aiming for, of how things are supposed to be done, compared to the bank's leadership, much of the effort put into strategic planning and developing tactics to succeed in your market is wasted.

Unfortunately, it is all too easy to *assume* that your organization's culture is more coherent and consistent, is "tighter," than it really is. (For more about the issues and impacts related to culture, contact me for a copy of my white paper, "Build Your Culture, Build Your Business.")

I have performed culture assessments for banking institutions of every size over the past few decades. Again and again, formal assessment reveals cultural "gaps" that frankly astonish the management team. But with knowledge of those gaps comes the opportunity to develop a much more effective organization, a more nimble and responsive bank that has an edge on the competition.

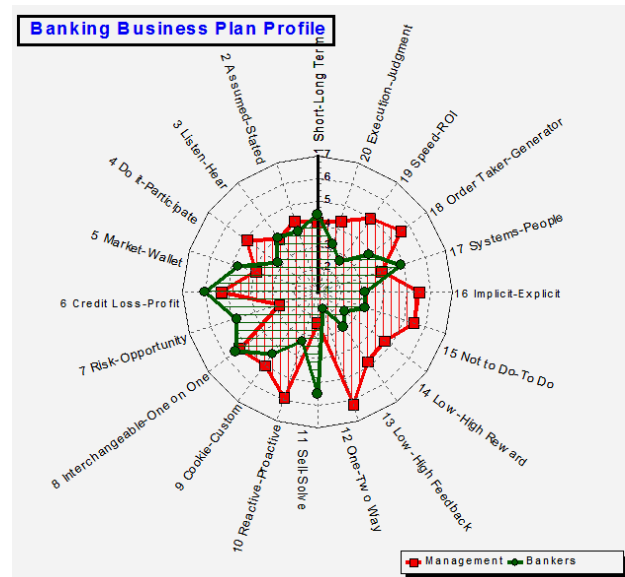
Jeff Judy & Associates offers two surveys -- the *Strategic Alignment Profile* and the *Credit Culture Survey* -- along with analysis, recommendations, and supporting services to enhance your culture.

HOW THEY WORK

What these tools have in common is that they expose "gaps," places where different groups of people -- defined by job function, location, or level of experience -- have different beliefs about what is happening, or about what *should* be happening.

At its heart, the process is simple: we ask different groups the same questions and then focus on areas where their responses are very different. Board members may think that bankers are building relationships while bankers think they are just taking orders. Branch managers may hear "conservative" frequently in credit discussions, but front-line credit staff may believe "do-able deal" is a more common phrase in their working environment.

The graph at right shows the results from one organization that completed the Strategic Alignment Profile. As you can see, there were some areas of good agreement, and some areas where different levels of staff held quite different visions of "how we do things around here."



What Jeff Judy & Associates Brings to the Process

Since the process is conceptually fairly simple, why do you need an outsider to conduct a basic survey? There are several benefits to getting us involved in your culture assessment:

- **Experience with Other Institutions.** I have been conducting culture assessments for decades. I have worked with fairly small banks, mid-sized organizations, and very large institutions. That means I can tell you how your results compare to what I have seen elsewhere, to what might be expected from your peer group. I can tell you which results are truly surprising, and which results are fairly common. And I can help you determine next steps, what you need to close those cultural gaps.
- **Anonymity of Respondents.** You want honest answers. The only way to ensure you get them is to make it clear to respondents that management will only see aggregate data. No banker, credit analyst, or other front-line employee is going to feel comfortable sharing their ratings of organization practices with their manager. I enable respondents to go directly to an electronic survey, rather than submitting data through their own organization. Every respondent knows that his/her identity will be protected. I will not share individual responses, nor will I produce results in such small "cells" that anonymity is lost (e.g., "loan officers in Branch X" when there are only two of them there).
- **Communication/Training Responses.** Many times the "gaps" we uncover can be reduced by appropriate training, both in practical banking activities, and in management's communication practices. We bundle communication coaching at a reduced price for banks that know they need to improve this area of management skill.
- **Efficiency.** I have been doing this for years, and have systems set up to collect and process the data quickly. Why use your staff time and internal resources to duplicate that effort?

ASSESSMENT TOOLS

I offer two survey tools to perform culture assessments:

- The **Strategic Alignment Profile**, or **SAP**, a series of twenty questions (in the standard format, but number of questions is customizable), grouped into several factors. Respondents place their response to each question along a spectrum, between two contrasting end points describing a practice, issue, or belief. I've included a "mini-SAP" you can complete yourself, to get a feel for this approach, on pp. 7-8 of this document.
- The **Credit Culture Survey**, originally developed by John McKinley, has three main sections. Questions explore common vocabulary in the work place, the culture model that best describes the organization, and the respondent's level of agreement with a series of statements about practices in the credit area. I have included examples of questions from this survey on p. 9 of this document.

Which is best for you?

It is mostly a question of range: the *range of functions* within the organization that will respond to the survey, and the *range of issues* that you want to address.

The **Credit Culture Survey** is limited to credit functions. It focuses tightly on credit vocabulary and practices, and will not address wider concerns about communication, general corporate values, and so on. The range of customizations available is much narrower than in the SAP.

The **Strategic Alignment Profile** (SAP) *can* be focused on credit, but it can also include broader questions that get at how management is perceived, how communications flow through the organization, how standards are maintained, and more.

Customization Enhances Value

Regardless of which survey you use, I strongly recommend customizing the document you send out to your respondents. At the very least, you will want to use consistent vocabulary in your questions. Is a particular respondent a banker, a loan officer, or a lender? Do you want to ask about policy, guidance, guidelines, best practices, or use some other term? Responses will be more reliable if respondents clearly recognize what is being asked.

Either survey can be customized in terms of vocabulary. But the surveys are quite different in the range of issues, and the range of functions, they address.

In the **SAP**, the number and topics of questions can be thoroughly customized. In other words, you can decide which issues need to be explored, and provide custom "end points" for each question. The SAP is much more flexible in terms of which topics you survey.

For the **Credit Culture Survey**, customization is limited to the vocabulary used in the questions. And the topics are tightly focused on credit, so the survey can only be used within departments that have some role in the lending process.

Assessment: Cost Factors

Because every assessment project is a unique combination of survey tools, response management, customization, and follow-up consultation, we develop individual quotes to match the goals and preferences of the client.

Here are the factors that go into your project cost:

- **Number of Respondents.** Naturally, the volume of processing will affect costs.
- **Survey Customization.** As discussed above, most banks find these surveys more helpful if they at least *change the wording of the questions* to be more transparent to respondents. With the SAP, a high degree of customization can be achieved by not only changing the wording, but by choosing questions to deal with specific areas of concern.
- **Granularity of Analysis.** Do you want to compare job titles? Geographic locations? Levels of experience? How many sub-categories do you need (e.g., four regions vs. eight)?
- **Coaching: Communication.** Maintaining the desired culture depends on effective communication. By booking coaching services (described below) at the same time as your culture assessment, you can save money *and* take a proactive approach to tightening your institution's culture.
- **Training: Banking Practices.** Sometimes you know you have training needs around basic practices. Perhaps recent mergers and acquisitions have brought together different cultures. You know you need to train your employees in shared practices, even as you use a culture assessment to focus on specific differences among locations or charters. If that's the case,

booking some of that training at the same time as the culture assessment will reduce your costs, compared to booking that training separately after the assessment is completed.

All assessments include a presentation by conference call (up to two hours) to deliver the *results* of the survey, highlighting the key outcomes that need the most immediate attention to tighten the culture.

The easiest way to estimate your assessment costs is to complete my Culture Assessment Planner, available for download from the Culture Issues tab on my web site at www.JeffJudy.com. Or request your Planner via e-mail at Jeff@JeffJudy.com, or with a phone call to 952-903-0113.

CULTURE ASSESSMENT, COMMUNICATION COACHING, & TRAINING

Clients commonly discover a need for employee training when they take a closer look at their cultures. While sometimes it takes a full review of the results to determine additional training needs, in other cases the bank is already aware of issues that can be addressed before the full culture data analysis is completed.

In other words:

1. Some institutions conduct a culture assessment, in part, to see *whether* training will be needed to help them achieve their goals.
2. Other institutions already *know* that skills and knowledge need to be updated or reinforced, requiring training time, but they will use the culture assessment to fine tune their needs and to make sure they do not overlook issues that can be hard to observe directly.

Typical situations that fit the second case above are mergers and acquisitions, where different histories and practices collide; recurring issues of non-standard practices and values across locations, or within different functions in the bank; and rising management frustration with repeated, but failed, attempts to effectively communicate a common vision and uniform standards for banking practices.

Cost Savings Available

It is so common for clients to anticipate coaching or training needs at the same time that they perform a culture assessment that I have "bundled" some of these services into standard packages to offer cost savings over booking training or coaching *after* the assessment.

In many cases, the bank is aware that they have been trying to get a standard message across to employees throughout the institution, but that it simply has not "stuck." In these instances, some coaching on their approach to internal communication can be very helpful. Standard packages to address this need include the following:

1. Your team can discuss possible communication weaknesses and identify good first steps toward addressing them with our **Coaching Calls**. This series of three conference calls, up to one hour each, can also be used to check your progress and respond to issues that arise along the way.
2. We also offer a standard half-day **Culture and Communication Workshop**. Typically, the results of the assessment are presented to the leadership team in the morning, and the

afternoon is spent in this workshop with selected department heads and managers, exploring more effective communication practices.

3. When a client needs help with **Action Plan Development**, a full day is spent with bank management reviewing the results and focusing on explicit steps that could improve communication effectiveness. After the session, the client receives a report summarizing the discussion and recommending steps to develop better communication patterns.

All of these packages include *face-to-face debriefing* on the assessment results, rather than a conference call. Booking a coaching package with your assessment will typically save you in the range of \$800 to \$2,000, depending on the package, compared to choosing an in-person debriefing and additional coaching after the assessment is completed.

In addition, training on banking practices that is booked at same time as the assessment will be offered at a discount, compared to booking that training after the analysis and debriefing has been completed. Because I offer a wide range of courses, and different banks may have different needs, that amount of that discount is part of the discussion that sets up the assessment and training activities.

RECOMMENDED NEXT STEPS

Where do you go from here? Let me recommend:

1. If you have not fully explored my **Culture Issues tab** at www.JeffJudy.com, take a deeper look. The information there will help you decide if a culture assessment makes sense for your institution, whether culture is playing a positive role for your bank. Under that tab you will find:
 - Extensive discussion, over several web pages, of the role of culture in business success, and it's key position in an effective risk management strategy.
 - Downloads like my "Culture Matters" article on *Six Common Misconceptions About Corporate Culture That May Be Holding Back Your Bank*.
 - Reprints of culture-related issues of my e-zine, *Jeff's Thoughts*.
 - Additional discussion of assessment, training, and coaching services I provide to clients.
2. After exploring my web site, if you want to look even closer into the role of culture in your bank's business success, contact me (Jeff@JeffJudy.com or 952-903-0113) to request my *white paper*, "**Build Your Culture, Build Your Business: How Tightening Your Culture Can Make You More Nimble, More Resilient, and More Successful**". You can download a "preview" of the content of this white paper from my web site.
3. Answer some **basic questions** that will help you plan an assessment of your culture:
 - **Range of Questions:** are you focused strictly on credit concerns, or are there wider issues you would like to address. As mentioned, the **SAP** can be adapted to a wider range of topics than can the Credit Culture Survey. You can review sample questions from each of these surveys at the end of this document.
 - **Employee Scope:** Will this be bank-wide, or more narrowly administered? Approximately how many respondents would take the survey?

- **Break Down Categories:** Do you want to compare job levels? Geographic locations? Departments/functions? Original charters. *Note:* for any comparison by job level, I strongly recommend that senior leadership (executives and directors) be included in the survey process.
 - **Coaching/Training Needs:** Are you already aware of a need to instill a standard approach to banking practices across functions or locations? Do you believe that more effective communication practices could help you "tighten" your culture? While these questions sometimes cannot be answered until the assessment is completed, if you are aware of training and communication coaching needs already, booking them with the assessment can reduce your costs.
4. Obtain my **Culture Assessment Planner** to capture your decisions, along with additional details, and request a quote for services. You can find the Planner on my web site, or you can request one to be e-mailed to you by contacting Jeff@JeffJudy.com or 952-903-0113.

The Bottom Line ...

Culture assessment can be the first step to a more nimble, more resilient, more efficient, and more successful banking business. *Please contact me* if you have *any* questions about assessment, training, communication coaching, or any issues related to culture.

Samples follow

The next few pages will give you a feel for the SAP and the Credit Culture Survey, the two instruments I commonly use in culture assessments.

Strategic Alignment Profile

"Test Drive" the Mini-SAP

Questions on the *Strategic Alignment Profile* ask the respondent to rate the bank's cultural elements on a series of "spectrum" type questions, where the end points are opposites (or nearly so). This is similar to rating a color on a spectrum between "black" and "white", with intermediate ratings giving you various shades of "gray."

The end points of the questions can address a very wide range of topics, and that makes the SAP highly customizable, both in what is asked, and how it is asked. As always, the results are most interesting where different "constituencies" within your institution have different beliefs about how things really work.

You can take a "test drive" of the SAP by performing a simple "thought experiment" with this miniature version, using only a few common questions. Just follow the instructions immediately below.

When you have completed the form on the next page, take note of questions where the answers to the questions you predicted for the four functions landed in quite different places (more than one space apart, at least). Then remember:

- in an actual SAP administration, each group would answer the questions only once, from their own perspective;
- with significant numbers of respondents (and a full slate of questions), considerable detail about "gaps" between vision and execution across levels would emerge; and
- The categories of respondents could be broken down across geographic locations, instead of across job function (or, with sufficient numbers, data could be analyzed both ways).

To "Test Drive" the Mini-SAP:

Go through the five questions on the next page *four separate times*, each time wearing a different "hat" as indicated on the form.

- For instance, the first time through you should answer the way you predict Bank Management would answer, doing all five questions.
- Please do not do all four "roles" for one question before going on to the next one. Play one role for all five questions, then start again at the top in a new role.

You could change the four types of respondents. Here are definitions for how to answer the Mini-SAP questions as it is set up on the next page:

- As if you were part of the Bank's management/leadership team.
- Based on what you expect from reading ads, hearing commercials, your bank puts out.
- Based on what a front-line banker believes the Bank expects.
- As if you were a customer who just had a first meeting with one of your bankers.

Strategic Alignment Profile

#1

Bank Goals Paramount	Bank Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Customer Goals Paramount
	Advertising	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
	Front-Line Banker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Customer	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	

#2

Cookie Cutter Services Waiting For Customers	Bank Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Customers Looking for Individual Solutions
	Advertising	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
	Front-Line Banker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Customer	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	

#3

System Makes Decisions	Bank Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Banker Makes Decisions
	Advertising	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
	Front-Line Banker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Customer	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	

#4

Interchange-able Staff Handle "Accounts"	Bank Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	My Banker Handles My Business
	Advertising	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
	Front-Line Banker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Customer	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	

#5

React to Today's Requests	Bank Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Plan to Meet Future Needs
	Advertising	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
	Front-Line Banker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Customer	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	

CREDIT CULTURE PROFILE

Sample Questions

CATEGORY OF RESPONDENT

Respondents self-identify category (location, job title, level of experience, etc.)

_____ A _____ B _____ C _____ D

CREDIT CULTURE VOCABULARY

Respondents see a list of terms, with clarifying statements. They are simply asked to check those words and phrases that "are heard frequently in the bank."

Some typical vocabulary items:

- | | |
|----------------------|--|
| _____ QUALITY | We want quality assets only. |
| _____ AGGRESSIVE | If you want to make money, you need to take some risks. |
| _____ LOAN VOLUME | We must meet plan, even if we have to stretch. |
| _____ ACCOUNTABILITY | Lenders and managers are held accountable for loan decisions. |
| _____ OWNERSHIP | Lenders are responsible for quality/profitability of their portfolios. |
| _____ BALANCE | We must carefully balance risk and return. |
| _____ "DOABLE DEAL" | If we won't lose money it's a "doable" deal. |

TYPE OF CREDIT CULTURE

Respondents are given descriptions of four culture models and asked which one most closely approximates the culture in their own bank:

- _____ VALUES DRIVEN
 _____ IMMEDIATE PERFORMANCE DRIVEN
 _____ MARKET SHARE/PRODUCTION DRIVEN
 _____ UNFOCUSED (CURRENT PRIORITY DRIVEN)

ELEMENTS OF CREDIT CULTURE

Respondents indicate agreement, on a three-point scales, with statements like:

- Credit quality is a corporate value.
- Lending policy exceptions are infrequent and difficult to obtain.
- Strong credit systems and controls exist.
- Lenders are rewarded/penalized for credit performance.
- New lenders receive extensive indoctrination on "how we do things around here".
- There are communicators in the bank who persistently repeat the credit message.
- New lines of business and markets are carefully selected to conform with portfolio risk guidelines.