

Attributes and Skills of Highly Effective Credit Union Managers

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By **ServiStar Consulting**

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Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process.

The Filene Research Institute is a 501(c)(3) not-for-profit research organization dedicated to scientific and thoughtful analysis about issues affecting the future of consumer finance. Through independent research and innovation programs the Institute examines issues vital to the future of credit unions.

Ideas grow through thoughtful and scientific analysis of top-priority consumer, public policy, and credit union competitive issues. Researchers are given considerable latitude in their exploration and studies of these high-priority issues.

The Institute is governed by an Administrative Board made up of the credit union industry's top leaders. Research topics and priorities are set by the Research Council, a select group of credit union CEOs, and the Filene Research Fellows, a blue-ribbon panel of academic experts. Innovation programs are developed in part by Filene i³, an assembly of credit union executives screened for entrepreneurial competencies.

The name of the Institute honors Edward A. Filene, the “father of the US credit union movement.” Filene was an innovative leader who relied on insightful research and analysis when encouraging credit union development.

Since its founding in 1989, the Institute has worked with over one hundred academic institutions and published hundreds of research studies. The entire research library is available online at www.filene.org.



Progress is the constant replacing of the best there is with something still better!

— *Edward A. Filene*

We would like to thank all the credit unions that generously shared their time by participating in this study. We would like to recognize Profiles International and especially its chief research officer, Scott Hamilton, PhD. We would also like to thank our clients—past, present, and future - for their trust, friendship, and partnership and for providing us with the opportunity to do what we were born to do.

Finally, we want to thank George Hofheimer of Filene for believing in us and changing our world for the better and Tony Hendrix for doing the hard job of trying to work at our pace and keeping all the plates spinning.

We would like to acknowledge TruStage Insurance Group for its generous support and commitment to developing the next generation of credit union leaders.



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Executive Summary and Commentary

by Ben Rogers,
Research Director

The western end of San Francisco Bay in California is marked by one of the world's great bridges: the Golden Gate. Famous as much for its iconic orange coloring as for its size, at the time of its completion in 1937, it was the world's longest suspension bridge at 4,200 feet. Hundreds of vertical cables connect the deck to the gracefully arching main suspension cables. For our purposes, it is these vertical attachments that are interesting.

A suspension bridge works because its stable towers support a long cable between them, and the bridge's deck literally hangs on the vertical suspenders extending from the main cable. The support towers of the Golden Gate Bridge represent a firm's senior leaders and their strategic decisions, and the middle managers are the vertical lines that keep that strategic direction in contact with the deck where the members drive. A suspension bridge without these vertical cables is no better than a suspension bridge without towers.

What Is the Research About?

Filene takes credit union leadership seriously—both the towers and the cables—and this report builds on years of analyzing not just the organizational performance of credit unions, but the human factors that make credit unions tick. From a 2005 inquiry linking team dynamics to financial performance, to a 2010 study that showed how best to move good ideas through an organization, to 2009 research that explored the motivators of under-30 credit union employees, Filene recognizes that examining the human side of credit unions is essential.

Employee performance expert Mike Neill has extended those findings in search of the common characteristics of 94 of the credit union system's best middle managers. The anonymous participants in Neill's survey were nominated for consistently performing in the top 20% of managers, receiving the highest possible performance evaluation and earning the highest possible bonus if one was offered. Using statistically valid data that show what is typical for North American professionals, Neill's research identifies the relevant instances where these high-performing credit union middle managers differ from the norm.

What Are the Credit Union Implications?

This report should be used as a tool for hiring and promoting in the middle management ranks. Beyond simply gathering data for comparisons and academic use, this report is useful for showing what kind of employees make superlative middle managers and how your credit union can identify and promote them—putting down cables to the right places. First, here are some of the most interesting traits in which superior middle managers differ from average employees:

- t Learning.* Because highly effective middle managers must learn quickly and be adept at problem solving, 87% fall at or above average in the Learning Index. This is the most pronounced deviation this study uncovered.
- t Energy.* The “tendency to display endurance and capacity for a fast pace” is a key characteristic, with 86% scoring above average.
- t Decisiveness.* Using the available information to make decisions quickly is critical, with 80% of respondents above average.
- t Verbal skill.* Among good middle managers, 69% are above average in verbal skills, making them better able to communicate effectively with members, subordinates, peers, and executives.

Just as important for understanding what makes good managers tick is where this group underscores the averages. Being lower than average is not negative; it simply highlights traits where good middle managers are atypical:

- t Objective judgment.* Interestingly, great middle managers are far less likely than average employees to rely solely on data in decision making. The fact that 79% fall at or below the average indicates a strong reliance on intuition rather than bald facts.
- t Manageability.* Highly effective managers want their own leaders to define outcomes and then let them complete those goals with relatively free rein—72% score below average in manageability.
- t Accommodating.* Good middle managers are significantly less accommodating than the norm. With 73% scoring below average, good middle managers know when they shouldn’t go with the flow.

Whether you use a formal screening mechanism like the one outlined in this report or simply rely on interviewing and your own intuition, understanding these factors and how they play into effective credit union management will allow you to hire and promote more effectively, strengthening the cables that connect your members on the deck with the strategy in your towers.

“At the end of the day, you bet on people, not strategies.” That, according to Larry Bossidy, the longtime CEO of Allied Signal (later Honeywell), is what drives a company and creates a culture (Tichy and Cohen 2002).



Servistar Consulting

Servistar Consulting is a consulting firm that assists credit unions with sales and service culture development, performance management, and leadership development. It is comprised of credit union industry professionals who have held responsibilities for branch operations, training, business development, digital banking, and marketing. Its staff has worked for credit unions that are recognized nationally for exceptional member experience and product penetration. Servistar Consulting has worked successfully with credit unions of all sizes, assisting them with the development of sales and service cultures. Several of the credit unions have been ranked in Callahan's Top 25 listing of credit unions that have achieved outstanding product penetration.

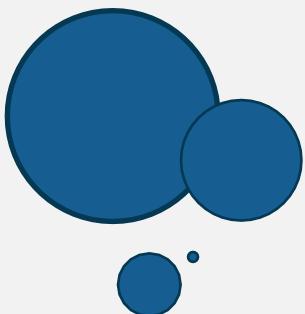
Servistar Consulting's background in credit unions and singular focus on the credit union industry provides them with the ability to relate to and instruct credit union employees at every level. Additionally, their staff includes some of the most sought-after speakers in the credit union movement and has presented to thousands of credit union professionals for both national and state credit union trade associations.



CHAPTER 1

Introduction

Alignment of an organization's team members is what makes a company successful. Filene research shows that a middle manager with the right skill set can have a positive impact on the performance of a team at the organization level, and good middle managers are also important conduits for good ideas.



The Filene Research Institute is interested in credit union leadership research for two primary reasons. First, the attraction and retention of talented employees is the surest route to competitive advantage. Second, the cooperative, nonprofit structure of credit unions lends itself to unique challenges and opportunities in attracting and retaining leaders. While much of what you can read in the *Harvard Business Review* or business leadership books is universal, credit unions are peculiar enough to warrant their own research.

Filene’s leadership research has looked closely at “voice”—the extent to which employees speak up and managers take note—in credit

unions. The findings lend weight to the importance of middle managers as conduits of important ideas. In one study, 61% of credit union employees indicated that they had more

Sixty-one percent of credit union employees indicated that they had more ideas than what they ultimately communicated to their supervisors.

ideas than what they ultimately communicated to their supervisors (Burriss, Detert, and Harrison 2010). So regardless of whether a senior leadership team encourages voice, middle managers that aren’t inclined or trained to pass ideas along will gum up the works.

Even more crucially, formal upward reporting methods are the least effective way to get good ideas from the branches of an organization to its core for two reasons. First, all it takes is one leader who neglects to pass the idea on, and it effectively dies. Second, while upward mechanisms like suggestion boxes indicate that managers are open to new ideas, they are not as effective as active solicitation in getting ideas to the top. In short, it is significantly more effective for an organization to “pull” ideas to the top through solicitation and closing the loop than it is for rank-and-file employees to try to “push” them up. But in either case, good middle managers enable the transfer. For example, in one seven-branch credit union, employees at each branch responded very differently to the question: “I speak up about problems.” Each branch presumably operates under the

same corporate guidelines, but clearly different branch managers build different cultures.

Employees also show a strong propensity to speak up to managers who have highly satisfied subordinates, even if those employees do not report directly to that manager. The converse is also true, as employees in the research showed clear judgments about which managers they could safely address and which managers they felt would respond to their concerns.

Leadership issues are the most important professional consideration for young credit union employees, according to a 2009 Filene survey of 200 young professionals (Rogers 2009). Two out of three (63%) said their relationship with their direct supervisor was extremely important and 34% said it was important. This measure ranked much higher in importance than cash compensation or other benefits. Middle managers, as the day-to-day supervisors of entry-level employees, are the linchpins of the credit union's retention and talent management success.

The 2009 survey also showed that 92% of under-30 professionals judged the credit union's values—often learned from and modeled by middle managers—as either important or extremely important in deciding whether to select or stay with a job. And finally:

Train superlative managers. Young employees crave immediate supervisors with whom they can learn and develop a good relationship. This is particularly important because less experienced employees may not have as much access to inspiring leaders elsewhere in the credit union . . . These results support the adage that employees join good companies and leave bad managers. (Rogers 2009, 5)

Filene leadership research has shown clear bottom-line value in building team-oriented cultures, the kind in which good middle managers can thrive. Executive teams that exhibit the true team behaviors of high communication, high cohesion, and low personal conflict significantly outpace their peers in ROA performance.

Finally, Filene leadership research has shown clear bottom-line value in building team-oriented cultures, the kind in which good middle managers can thrive. Executive teams that exhibit the true team behaviors of high communication, high cohesion, and low personal conflict significantly outpace their peers in ROA performance (Barrick, Kristof-Brown, and Colbert 2005). By pursuing team goals rather than cobbling together individual goals, such groups outperform comparable credit unions by almost 40 percentage points.

These results contrast with those shown in “working group” cultures, in which independent members work together toward goals set for the individuals rather than the team. The 2005 research shows that these credit unions tend to be outperformed by true team organizations. Perhaps most interestingly, almost as important as whether a credit union has a true team or a working group at its helm, is whether the group acts like it claims. For example, leadership groups that claim to be true teams but act like working groups (and vice versa) trail groups that know what they are and act like it.

Establishing an effective team depends on an alignment between the level of interdependence required among team members and the frequency and quality of group processes that characterize their interactions. When the level of interdependence and group processes is high, team and organizational performance is maximized. However, teams with low interdependence (more accurately categorized as working groups) that exert very little time or effort on group processes also can positively impact performance at the team and organization level.

Although this past research focused on executive teams and used their credit unions’ ROA as a proxy for performance, it stands to reason that similar principles hold with teams or groups overseen by effective middle managers. Knowing whether you run a true team or a working group can be just as key for the middle of the organization as it is for the top.

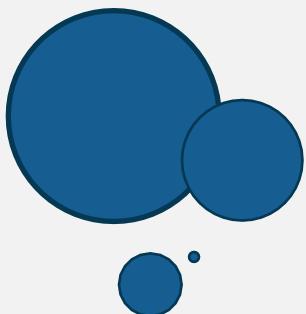
This research on middle managers supports Filene’s ongoing leadership priorities of finding the right skills for managers who can accomplish credit unions’ unique goals as financial cooperatives and of keeping the right overall talent in credit unions.



CHAPTER 2

Methodology and Analysis

A targeted survey of superior credit union middle managers reveals that this group is surprisingly different from average North American workers. Measuring this sample's variance from the mean in different categories helps illuminate which personality traits to look for in good managers. This chapter also includes a discussion of professional interests common to excellent middle managers.



The study included a purposive sample of 94 midlevel credit union managers who had been identified as top performers by credit union CEOs. A purposive sample is a sample selected in a deliberative, nonrandom fashion to achieve a certain goal. In the case of this study, the goal was to determine the shared behavioral and cognitive characteristics of top-performing managers.

The subjects in the manager sample share the following employment characteristics:

- t A minimum tenure of two years in management and at least six months in current position.
- t Reports to a member of the credit union’s senior management team.
- t Performance rated in the top 20% of all managers by the credit union CEO.
 - t Low voluntary turnover in the department managed.
 - t Consistently rated at the highest performance level on performance evaluations.
 - t Typically exceeds expectations.
 - t Typically receives the highest available bonus if one is offered.

Figure 1: Distribution of Study Sample by Credit Union Size

| Credit union size in assets | N | % |
|-----------------------------|-----------|------------|
| Less than \$500M | 57 | 61 |
| \$500M–\$999M | 24 | 25 |
| \$1B+ | 13 | 14 |
| Total | 94 | 100 |

The test distribution of the sample was assessed based on the size categories shown in Figure 1.

Assessment

Each of the credit union managers in the study sample was administered the ProfileXT (PXT) assessment to determine their characteristic levels in nine behavioral, five cognitive, and six interest traits.

A multidimensional assessment program, the PXT evaluates a person’s behavioral traits, interests, and cognitive abilities. These three areas of assessment are used to identify characteristics that can lead to a better fit between person and job. Each of the areas measured in the assessment demonstrates excellent construct and criterion-related

validity and reliability. The PXT also meets or exceeds the guidelines recommended for reliability, validity, and adverse impact as established by the US Department of Labor, the American Psychological Association, and the American Educational Research Association, among others.

Scoring

In the PXT scoring system, raw scores are converted to scaled scores and reported as STEN (standard base-ten) scores distributed across the working population. The raw scores are converted so that the scores of approximately two-thirds (68%) of the population fall between 4 and 7, 16% fall above 7, and 16% fall below 4. This produces a normal distribution of scores.

Analysis

Descriptive statistics were calculated for each scale of the PXT to determine the relative placement of the study sample within the norming population. Frequency distributions of STEN scores were analyzed to determine the proportion of the sample below, at, or above average for each scale to help develop a profile or benchmark for a high-performing credit union manager. The descriptive statistics for each of the PXT scales is shown in Figure 2.

Keeping in mind that the mean STEN score for any scale in the working population of North America is 5.5, Figure 2 provides an indication of where the sample group falls below, at, or above that mean. The data show that the mean STEN score for the study sample is at or above the working population mean on all but seven scales:

- t Technical Interest
- t Assertiveness
- t Sociability
- t Manageability
- t Attitude
- t Accommodating
- t Objective Judgment

It must be noted that being below the population mean on any of these scales does not connote a negative or failing score. Nothing could be further from the truth. Scores that fall below the mean simply show that those particular characteristics,

Figure 2: Descriptive Statistics for the PXT Scale Scores

| | N | Mean | Standard deviation |
|--------------------------|-----------|-------------|--------------------|
| Learning Index | 94 | 6.19 | 1.554 |
| Verbal Skill | 94 | 6.71 | 1.960 |
| Verbal Reasoning | 94 | 5.74 | 1.778 |
| Numerical Ability | 94 | 5.73 | 1.896 |
| Numerical Reasoning | 94 | 6.07 | 1.641 |
| Enterprising | 94 | 5.90 | 1.430 |
| Financial/Administrative | 94 | 6.38 | 1.913 |
| People Service | 94 | 6.18 | 1.626 |
| Technical Interest | 94 | 4.11 | 2.112 |
| Mechanical | 94 | 5.54 | 1.882 |
| Creative | 94 | 5.95 | 2.192 |
| Energy Level | 94 | 6.29 | 1.910 |
| Assertiveness | 94 | 5.11 | 1.589 |
| Sociability | 94 | 5.07 | 2.206 |
| Manageability | 94 | 4.41 | 1.875 |
| Attitude | 94 | 5.40 | 1.996 |
| Decisiveness | 94 | 6.07 | 1.930 |
| Accommodating | 94 | 4.56 | 2.082 |
| Independence | 94 | 6.81 | 1.914 |
| Objective Judgment | 94 | 4.46 | 1.776 |

Figure 3: ANOVA for Assertiveness by Credit Union Size

| | | alpha = 0.05 |
|-----------------------------|----|--------------|
| Credit union size in assets | N | |
| Less than \$500M | 57 | 4.88 |
| \$500M–\$999M | 24 | 5.04 |
| \$1B+ | 13 | 6.23 |

while always present, do not need to be as prevalent as the others in order for an individual to perform well in a credit union manager role. For instance, it stands to reason that a manager of a financial institution probably does not need to be as accommodating as the average person in the working population.

Analysis of variance (ANOVA) was conducted among the scale scores for managers from different size categories of credit unions.

The only significant difference observed was among the mean scores on the Assertiveness scale. Figure 3 provides the results of this analysis.

Note the results in Figure 3: As much as we may think that credit unions must require vastly different management skills based on their size, only 1 of the 20 attributes assessed varies significantly with regard to size. It would appear that the unique culture of credit unions is a more significant determinant of attributes needed by high-performing middle managers than the size of the credit union.

While analyzing mean PXT scores provides valuable information about where our study sample falls as a whole, a more appropriate way to review the data for a sample of top performers is to analyze the actual distribution of study subjects along the STEN score range. Figure 4 provides this distribution. Each cell of the table shows the percentage of study subjects scoring the STEN score noted along the top row.

Looking at the data in Figure 4, we can make some general statements about the study sample:

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- t 87% fall at or above average in Learning Index
- t 69% fall above average in Verbal Skill
- t 62% fall above average in Verbal Reasoning
- t 72% fall at or above average in Numerical Ability
- t 83% fall at or above average in Numerical Reasoning
- t 86% fall at or above average in Energy Level
- t 60% fall at or below average in Assertiveness
- t 60% are average in Sociability
- t 72% fall at or below average in Manageability
- t 60% are average in Attitude
- t 80% fall at or above average in Decisiveness

As much as we may think that credit unions must require vastly different management skills based on their size, only 1 of the 20 attributes assessed varies significantly with regard to size.

Figure 4: Distribution of STEN Scores for Study Subjects

| PXT scale | STEN score (percent) | | | | | | | | | |
|--------------------------|----------------------|----|----|----|----|----|----|----|----|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Learning Index | | | 2 | 11 | 21 | 29 | 18 | 11 | 5 | 3 |
| Verbal Skill | | 1 | 2 | 12 | 16 | 16 | 15 | 16 | 15 | 7 |
| Verbal Reasoning | 3 | 3 | 2 | 13 | 16 | 29 | 24 | 3 | 5 | 1 |
| Numerical Ability | | 3 | 7 | 17 | 28 | 7 | 11 | 20 | 6 | |
| Numerical Reasoning | | 2 | 2 | 13 | 18 | 29 | 15 | 14 | 6 | 1 |
| Enterprising | | | 6 | 5 | 30 | 26 | 21 | 6 | 5 | |
| Financial/Administrative | | 1 | 4 | 15 | 15 | 11 | 29 | 13 | 5 | 7 |
| People Service | | 2 | 2 | 14 | 12 | 20 | 38 | 4 | 4 | 3 |
| Technical Interest | 15 | 11 | 13 | 21 | 13 | 15 | 7 | 2 | 3 | |
| Mechanical | | 6 | 14 | 3 | 23 | 21 | 21 | 3 | 6 | 1 |
| Creative | 3 | 3 | 10 | 5 | 22 | 14 | 18 | 11 | 10 | 4 |
| Energy Level | 2 | 3 | 3 | 5 | 16 | 22 | 20 | 17 | 9 | 2 |
| Assertiveness | | 2 | 12 | 30 | 16 | 19 | 16 | 3 | 1 | 1 |
| Sociability | 5 | 7 | 12 | 19 | 16 | 11 | 14 | 10 | 5 | 1 |
| Manageability | 4 | 10 | 21 | 18 | 19 | 18 | 4 | 2 | 1 | 2 |
| Attitude | 3 | 2 | 14 | 11 | 23 | 22 | 6 | 12 | 4 | 2 |
| Decisiveness | 1 | 3 | 2 | 14 | 20 | 20 | 14 | 14 | 9 | 3 |
| Accommodating | 5 | 10 | 24 | 5 | 29 | 9 | 7 | 6 | 3 | 1 |
| Independence | | 1 | 3 | 9 | 13 | 16 | 23 | 13 | 14 | 9 |
| Objective Judgment | 7 | 6 | 12 | 21 | 33 | 7 | 9 | 3 | | 1 |

The italicized range represents the standard deviation of the scores.

- t 73% fall at or below average in Accommodating
- t 75% fall above average in Independence
- t 79% fall at or below average in Objective Judgment

These findings show a very significant similarity among high-performing middle managers that cannot be ignored. There is a pattern of attributes, if properly assessed by using the PXT as a pre-employment assessment tool, which can predict with a high degree of reliability whether the candidate has the “stuff” to be a high-performing middle manager.

Measuring Interests of Highly Effective Middle Managers

The top three interests of the successful midlevel credit union manager tend to be:

- t Enterprising.
- t Financial/Administrative.
- t People Service.

While attributes are those areas that create the “makeup” of a person, interests indicate the type of work that the subject is drawn to. It is no surprise that highly effective middle managers are interested in financial/administrative work and work that allows them to serve people. However, note that the top-rated interest is Enterprising. This is very important for those who are leading middle manag-

ers. As explained briefly in the analysis of why high-performing credit union middle managers may score lower than the mean in manageability, it is important to allow high performers to cre-

It is important to allow high performers to create strategies and tactics to achieve agreed-upon goals. These managers want to view their department or branch as “their small business.”

ate strategies and tactics to achieve agreed-upon goals. These managers want to view their department or branch as “their small business.” They desire and appreciate a leader who trusts them to make the appropriate plans. Additionally, these managers will accept responsibility for their outcomes. Just as entrepreneurs know that they are responsible for outcomes and that the ultimate responsibility rests on them, so do these high-performing middle managers.

Providing Meaning for Attributes in Which Highly Effective Credit Union Middle Managers Score Higher Than the North American Mean

Overall, high-performing credit union middle managers:

- t** Score above the mean in Learning Index, which is an index of expected learning, reasoning, and problem-solving potential; 87% fall at or above average in Learning Index. Highly effective middle managers are able to learn quickly and are adept at problem solving.
- t** Score above the mean in Verbal Skill; 69% fall above average in Verbal Skill, which is a measure of verbal skill through vocabulary. High-performing middle managers have a more significant vocabulary than the average worker. This allows them to communicate more effectively with members, subordinates, peers, and executives.
- t** Score above the mean in Verbal Reasoning; 62% fall above average in Verbal Reasoning, which is using words as a basis for reasoning and problem solving. Except in specialized technical areas of the credit union such as accounting and IT, most middle managers solve problems that are presented to them in spoken or written words rather than numbers. Highly effective managers are able to synthesize this information effectively and make sound decisions.

- t Score above the mean in Numerical Ability; 72% fall at or above average in Numerical Ability, which is a measure of numeric calculation ability. The credit union system, being a part of the larger financial industry, requires effective leaders have better-than-average math skills.
- t Score above the mean in Numerical Reasoning; 83% fall at or above average in Numerical Reasoning, which is using numbers as a basis for reasoning and problem solving. One would expect this to be an important component of the job, and highly effective middle managers are talented in this area.
- t Score above the mean in Decisiveness; 80% fall at or above average in Decisiveness, which is using available information to make decisions quickly. The ability to be decisive is important to deliver high-quality member service. This ability prevents the member's problem from going through multiple channels to obtain a solution. The ability to make quick decisions is also important because most middle managers are the go-to person for their employees. When decisiveness is combined with strength in the attributes of verbal and numerical reasoning, one could expect that highly effective middle managers make not only quick decisions but also quality decisions.
- t Score above the mean in Energy Level; 86% fall at or above average in Energy Level, which is the tendency to display endurance and a capacity for a fast pace. With multiple supervisors, subordinates, and peers and ever-changing responsibilities, high-performing middle managers must have a high energy level.
- t Score above the mean in Independence; 75% fall above average in Independence, which is the tendency to be self-reliant and self-directed, to take independent action, and to make decisions. Once again, we see evidence that high-performing middle managers do not want to be micromanaged but want to be allowed to act and think for themselves.

Providing Meaning for Attributes in Which Highly Effective Credit Union Middle Managers Score Lower Than the North American Mean

Overall, high-performing credit union middle managers:

- t Have less technical interest than the mean working population of North America. This is not surprising, as credit union jobs typically are tied to financial and people service.
- t Are less assertive than the typical working population of North America; 60% fall at or below average in Assertiveness, which is

the tendency to take charge of people and situations. Assertive people lead more than follow. This result may seem curious at first glance when we consider the high level of interest in enterprising and the high degrees of independence and decisiveness previously noted. This is explainable in that the highly effective middle manager wants to operate with independence but is less likely to demand this from their supervisor. Thus, supervisors of high-performing middle managers would do well to differentiate among managers who need more or less oversight and autonomy. Regarding the below-average results for assertiveness, we must consider the environment and culture in which the manager performs. Credit unions typically operate in a democratic manner, with emphasis placed on consensus building rather than more autocratic decision making. Thus, a manager who scores higher than the mean in assertiveness may not be a good fit in the typical credit union culture. Also note that the score on Assertiveness is not low—simply lower than the mean. A credit union should not desire managers who are not assertive. However, managers who are more assertive than the norm may have trouble developing cooperation and buy-in among subordinates and peers who have become accustomed to having input and providing feedback. However, as shown in Figure 3, the larger the credit union, the higher the average Assertiveness score for the manager. This is not surprising: As organizations grow in numbers of employees, it becomes less and less feasible to develop consensus and wait to make decisions until all have provided feedback.

- t Are less sociable than the mean working population of North America; 60% are average in Sociability, which is the tendency to be outgoing and people-oriented and to participate with others. Again, it is important to note that highly effective middle managers do not score low in sociability. It would be more appropriate to say that the vast majority are average in sociability. This result dispels the notion some may have that the more a person is considered to be a “people person,” the better they will perform. The reality is that a manager who is highly sociable may find it more difficult to bring themselves to address employee performance challenges. The manager may be reluctant to fracture a relationship, even temporarily, to ensure that the employee is challenged or to correct or improve their performance. In my vernacular, I term the manager who overvalues relationship and undervalues employee performance a “country club manager.” This manager believes that if the employees are happy with them and are getting along with them, that must be a significant sign that they are managing well. Highly effective credit union middle managers are able to effectively balance employee performance and relationship.

- t** Are less manageable than the typical working population of North America; 72% fall at or below average in Manageability, which is the tendency to follow policies, accept external controls and supervision, and work within the rules. This is a very important finding. The only attribute scoring lower than manageability is technical interest. Highly effective managers want their leaders to share desired outcomes with them. However, they want to determine the strategies and tactics that will lead to agreed-upon goals. The leader who provides too much direction and oversight will find the highly effective manager frustrated that they are not able to utilize their skills, talent, and ability. This may ultimately lead to their departure from the organization as they seek a work environment that allows them to thrive.
- t** Score lower in Attitude than the typical working population of North America; 60% are average in Attitude. The Attitude score relates to the tendency to maintain a positive attitude regarding people and outcomes. High-performing middle managers are more pragmatic than optimistic that things will simply “be OK.” These managers assess the situation and the resources and make decisions that will affect the desired outcome. Note that middle managers do not score low in attitude. The news here is that they do not score as high as some might project. It is important to know that highly effective leaders typically score much higher in attitude on the PXT. Leading requires creating a communicating vision and mission. A leader must be able to paint a picture of a future reality that will cause others to follow. This is not a significant requirement for the middle manager who works more often in the here and now.
- t** Are less accommodating than the typical working population of North America; 73% fall at or below average in Accommodating. This score relates to the tendency to be friendly, cooperative, and agreeable—to be a team player. High-performing managers are more likely to be willing to voice disagreement with suggestions and decisions. These managers can be a valuable resource for credit union leaders if they take their feedback into consideration. The middle manager is more likely to have their finger on the pulse of the employees and/or members. I have found that executive team decisions that are made without constructive feedback from middle managers create a great source of frustration for these managers. They also find it very difficult to support, to their staff, decisions they feel will result in diminished service, morale, or performance.

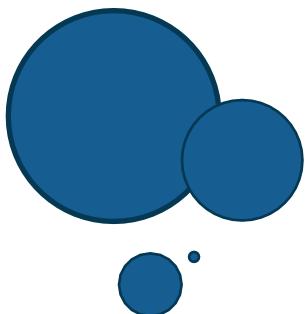
- t Score lower in Objective Judgment than the typical working population of North America; 79% fall at or below average in Objective Judgment. This score assesses the ability to be objective in decision making. Highly effective middle managers look at the numbers but are more likely to make decisions using intuition rather than merely facts.



CHAPTER 3

Implications

Middle managers have an entrepreneurial niche, so with the right training and management style, a middle manager will be highly effective at achieving the arranged goals. Use the findings in this chapter as a baseline for your hiring and promoting decisions.



Implications for Hiring

One of the most significant implications for hiring is that pre-employment assessments are very important in determining whether the applicant for the middle-management position will be successful. One will note the very high correlations among high-performing middle managers on criteria that can best be described as attributes. For example, Energy Level, Assertiveness, and Sociability are individual attributes. Attributes cannot be taught, as skills can. Skills can be developed through training and experience, both of which can be provided by the credit union. However, attributes are shaped over time by forces that are outside the control of the organization. Therefore, an organization hires attributes and trains skills. With the high correlations in attributes among high-performing managers, utilizing pre-employment assessments such as the PXT is critical to ensure that the organization is hiring an applicant that has the attributes necessary for success. This study goes a long way in helping credit unions identify at what level these attributes should exist in order to create success. An organization that provides extensive training to a manager who does not possess the attributes for success will see minimal positive impact.

Implications for Training

With 87% of highly effective middle managers scoring above the national mean in Learning Index, credit unions can feel confident that those who will become high performers will learn very quickly and will desire to do so. Additionally, these individuals will be able to quickly understand complex information with little difficulty.

I recall standing before a group of middle- and upper-level credit union managers who had been assembled to listen to my opening presentation in our yearlong journey to help them become effective leaders. During the introductions I asked each to share with me how long they had been with the credit union, the position they started in, and how much management training they had received. “I’m Paula. I’ve been with the credit union for seven years. I started as a teller

and now I'm a branch manager. This is the first management training class I've been in." "I'm Steve, I started with the credit union eight years ago on the help desk, and I'm now the IT manager. I've never had any management training before." The responses were such that eight out of ten had very similar experiences. Only the CEO and the executive VP had received significant management and leadership training.

One might think that when I do management training and development, the response of the participants might be, "We don't have time for this stuff. I'm a working manager." One would be wrong. The most common response is, "Thank you so much. I have been burned

THE BEST AT DOING IS NOT ALWAYS THE BEST AT MANAGING

As I sat in the branch manager's office reviewing her team's sales performance in my role as consultant, I could see the manager's hands trembling. The sales results showed performance that failed to meet minimum expectations month after month. I asked the manager, "How would you assess the performance of your employees in the area of selling?" She kept her head down and said, "I guess they are unwilling because they have had a lot of training." I agreed and followed up, "How have you challenged them and held them accountable for their performance, given the fact that they know what to do but aren't doing it?" That's when she started to cry. "I've done everything I can. I'll never be a good manager."

I wanted so very badly to tell her, "You can do it." But I'd have been lying. She couldn't do it. Not because she didn't want to, not because she hadn't been trained. She wanted it so badly she was dying inside, and I had performed about 26 hours of coaching and management training for her and her peers. The problem was, she

never should have been hired into management in the first place. She had performed well in every job in the credit union; the members loved her and she loved the members. The organization had promoted a high-performing employee and she had become a poor-performing manager. She was frustrated, as was the credit union, because nothing seemed to fix it. But nothing can fix the fact that attributes cannot be taught or transferred. Either you have them or you don't.

In my experience, there is a common thread among credit unions regarding the hiring of middle managers, which I describe thusly: The best teller becomes the best member service representative, who becomes the best loan processor, who becomes the best loan officer, who becomes a branch manager when the most recent one is in a psych ward working through the trauma of being a branch manager. To sum it up, promotions to management in many credit unions is the result of an employee being the fastest, most knowledgeable person who is willing.

out for so long. I just have felt beat up. I've known that I wasn't doing management correctly, but I didn't know what to do. No one here does. My boss is as frustrated as I am. But now I know what to do and I know I can do it."

The 2011 Gallup Research Group Survey of Employee Engagement reveals that 52% of employees say they are disengaged in their work and 19% say they are actively disengaged (Blacksmith and Harter 2011). Additionally:

t Research by Gallup and others shows that engaged employees are *more productive*. They are *more profitable*, *more customer-focused*, and more likely to withstand temptations to leave.

THE BEST AT DOING IS NOT ALWAYS THE BEST AT MANAGING (CONTINUED)

to say "yes" to most requests to do more work. As we can see from the results of the study, most of the attributes required to be highly successful have little to do with fast, accurate, and accommodating. I understand the drive behind the felt need to promote the most experienced, most technically proficient employee into management. We want to ensure the operation is run efficiently and in alignment with procedure and policy and that problems are kept to a minimum. This is supervision, not management, and the implications for growth and improved performance are significant. As I like to say, you can supervise your way out of problems, but you must manage and lead your way to success. Failure to fail is not success. Credit unions increasingly want, and need, middle managers who will identify opportunities for growth, challenge poor employee performance, and take a more entrepreneurial ownership of their department or branch. While the credit union manager who has risen through the ranks may ensure fast and accurate performance, this does not

mean that problems do not arise. The problems that do occur are most often related to human performance, lack of willingness to accept responsibility, and ineffective strategic thinking. These skills and attributes are rarely proven in non-management roles.

Our obsession with operational excellence must be balanced by the understanding that credit union growth and brand have much less to do with accuracy and following procedures and much more to do with outcomes related to those attributes common among high-performing middle managers. To be clear, I am not proposing that a credit union should not hire experienced employees from within the organization. I am proposing that using pre-hire testing, specifically the PXT, must be a part of the process. Whether they are from inside or outside the organization, hire only those who have the attributes to create success, not merely the experience to prevent failure.

- t There are dramatic differences in key business outcomes between those in the top quartile of employee engagement and those in the bottom quartile. There are significant differences in productivity, profitability, and absenteeism.
- t In world-class organizations, the ratio of engaged to actively disengaged employees is 9.57:1.
- t In average organizations, the ratio of engaged to actively disengaged employees is 1.83:1. (Gallup 2012)

Three key drivers of engagement are:

- t Trust in management.
- t Management’s handling of change.
- t Connection with management.

Note that the following are not listed as key drivers:

- t Management can help me find my out of balance.
- t Management can answer every question I have.
- t Management knows more about the stuff than anybody.

Ineffective management leads to poor employee engagement, which leads to poor performance, which leads to lack of profitability. It makes sense when you simply say it aloud, much less when you read the results of the research. The question is not, “Can we afford the time and money to develop our managers?” One can’t build a great organization without doing so.

Implications for Managing

It was more than 15 years ago, but I remember it as if it were yesterday: the day I knew that I had to find a job other than manager in a credit union. I loved the credit union and I loved my work. However, when I was proposing a change to my area that I was convinced would help it perform more effectively, my boss said, “No, I don’t think it will work.” I continued to try to sell the ideas I was convinced would work. The final response was, “I’m not willing to let you fail.” That’s when it hit me: I couldn’t work here anymore. Like a zeitgeist, the thought that I was fully responsible for my outcomes but did not have the authority to ensure my goals were met provided clarity: “This is nuts. If you want me to be accountable, let me have control.”

If your credit union wants high performers, it must learn how to lead high performers, and this may require changes in the behavior of senior management.

This theme is common among high-performing middle managers. High-performing middle managers want to be given the vision and

the mission, participate in goal development, and then be allowed to do their thing. One might be tempted to think that these folks will simply learn to adjust. My experience is that they just leave, like I did.

If your credit union wants high performers, it must learn how to lead high performers, and this may require changes in the behavior of senior management. It may be less stressful and provide greater certainty to have managers who only do what you tell them to do, but it won't create growth and profitability because strategic thinking and actions will be confined to a small group of senior executives. So, while the credit union is teaching and developing managers, the skills of leadership must be learned by those who will manage the managers.

High-performing middle managers work best without close supervision. These managers find this type of “overmanaging” to be suffocating. Effective managers want to be given the overall objective and allowed to use their intelligence, entrepreneurial orientation, and decisive nature to achieve the agreed-upon goals.

High-performing middle managers work best without close supervision. These managers find this type of “overmanaging” to be suffocating. Effective managers want to be given the overall objective and allowed to use their intelligence, entrepreneurial orientation, and decisive nature to achieve the agreed-upon goals. Because highly effective middle managers are more independent and less accommodating than the typical population, their leaders should plan to include them in decisions that impact them and should expect them to challenge decisions they deem ineffective. If the organization regards these attributes as a positive, these managers will assist in ensuring that decisions are the best possible outcomes.

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