# GLOBAL HR EXECUTIVE AND ALPHA DEVELOPMENT ROUNDTABLE REPORT

## How Senior L&D Leaders are Overcoming the Skills Gap within Financial Services

alpha development 20 YEARS 2003 - 2023



# STRATEGIC APPROACHES TO FUTURE PROOFING INSTITUTIONS AT A TIME OF RAPID CHANGE

Against a backdrop of ever-evolving organizational needs, increased digitization and post-pandemic fallout, HR and learning leaders across the financial sector are laser focused on how they can leverage the full potential of their workforce.

Global HR Executive, in partnership with Alpha Development, convened an interactive roundtable with senior Learning & Development leaders from a number of top-tier North American banks, financial services and insurance institutions. Delegates discussed how their specific organizations are approaching skills development challenges. Leaders' strategies are centered on:

1. Mapping skills across the business and developing strategic training programs to close gaps.
2. Introducing "gigs" - short-term engagements to encourage mobility across the business. Managers can secure the skills they need from within the business, without needing to hire.
3. Developing programs that attract new talent and nurture leadership skills.

Of course, the first step in addressing skills shortages is to identify them. One Talent Management leader from the banking sector described their impact-based approach to skills development. The program stems from their firm's overall business plan and considers an employee's attitudes, motivations, and competencies.

An insurance leader explained how their institution makes training investment decisions. Required skills are identified by job family and seniority, and employees and their managers are invited to score their capability levels in each area. The organization then tabulates the results against business needs, highlighting skills gaps which then inform the training program.

Another participant reflected on cultural challenges around skills assessment and promotions. In their insurance institution, employees see "time in seat" as more important than continuous skill development. They also acknowledged some of their managers' seeming reluctance to grade their own teams.

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Global HR Executive and Alpha Development Roundtable Report

## THE PHENOMENON OF THE "ACCIDENTAL MANAGER"

> The best widget maker shouldn't be the widget maker leader.

In terms of soft skills, gaps can appear when employees are promoted into management roles because they are good at their job, rather than because they are good at managing people. Several participants acknowledged that this trend is widespread across financial services. One leader summed it up thus: "the best widget maker shouldn't be the widget market leader."

The Chartered Management Institute refers to these employees as "Accidental Managers" – a phenomenon which can cause a soft skills deficit that often lies unnoticed. One leader described how, in their institution, potential managers are identified early on, and placed on an extensive long-term training program that prepares them for leadership. A Director of Talent Management acknowledged the reverse challenge - of managers who are skilled in leadership but lack technical skills. In this case, the manager's plans are cross-checked by experts elsewhere in the organization with the relevant technical skills.

## "GIGS" AND OPPORTUNITIES FOR SELF-DIRECTED LEARNING

Several delegates spoke of the vogue for "gigs" amongst financial services institutions - described as "short term and project-based [engagements]." A L&D leader described their gig initiative as an "internal marketplace" in which employees' existing skills are mapped and then paired with relevant opportunities across the organization.

The initiative is branded as a career development opportunity and is popular with employees, while managers benefit from being able to access the right skills from within the institution as and when they need them.

## CULTURAL CHALLENGES AROUND "GIGS"

Although the concept of gigs is appealing as a flexible way to both plug skills gaps and improve staff retention, leaders acknowledged that they often present cultural challenges. One speaker commented that "leaders aren't keen on giving up talent."

The issue of backfilling a "gigging" employee's role also presents challenges for certain financial services institutions. A L&D leader described how team managers can be hesitant to advertise opportunities, perhaps for fear of appearing unable to allocate their resources effectively. There is also the potential downside of employees volunteering for gigs because they simply have extra time." As one speaker commented: "we can't seem to find the right balance."

## OPPORTUNITIES FOR SELF-DIRECTED LEARNING

Leaders discussed ways in which employees are empowered to take ownership of their own development. In one institution, the training approach has shifted from a predefined set of certifications and resources to a system whereby employees can decide to follow whichever training program they choose. However, managers retain the authority to approve or reject applications for training. Another leader in banking recommended taking out a subscription to online training providers, thereby affording the whole organization access to a range of online courses.



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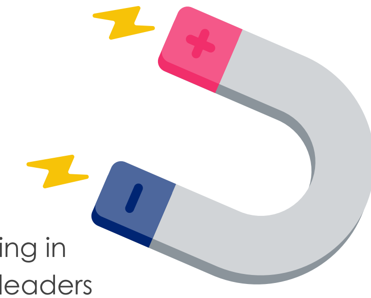
## ATTRACTING NEW TALENT AND NURTURING POTENTIAL LEADERS



A couple of delegates mentioned that the banking and insurance industries struggle to attract new employees, while seeing steady increases in older employees leaving the workforce on retirement.

To redress the balance and inject new talent into the business, they spoke of running trainee programs in partnership with local universities and community colleges. A learning and development leader in banking explained that their program offers students a range of experience across different departments related to credit administration, followed by opportunities to join the company upon graduation. "They have the ability to job shadow various departments… whether real estate, consumer lending, underwriting or sales… Upon completion of the program there's an incentive to stay and get hired into one of these worlds."

By recruiting in this way, leaders noted that their organizations benefit from increased employee loyalty. Another delegate from the insurance sector noted that recent college graduates do not bring "bad habits" from other insurance carriers, nor high salary expectations.

> Tuition fee reimbursement and financial bonuses seemed to be the preferred incentives.

Leaders debated several questions related to trainee recruitment, such as how long training programs should last and how students should be compensated. For the latter, tuition fee reimbursement and financial bonuses seemed to be the preferred incentives among the group.

Entry-level training programs ranged from 8 to 18 months. Several leaders mentioned that they had shifted the length of programs in response to trainee feedback. A learning and development leader in banking explained that they extended their 12 month program to 18 months, based on comments from participants. The speaker elaborated: "We heard feedback that the job shadow rotations were too short to fully grasp an understanding of what that role entails." Whereas a L&D leader, also from the banking industry, noted that their program length had shifted back and forth, in response to the program's attrition rates.

Leaders agreed that programs should offer students enough time to complete projects and gain relevant experience, without demanding a long-term commitment.

Leaders agreed that programs should offer students enough time to complete projects and gain relevant experience, without demanding a long-term commitment. One participant from the banking industry described a challenge they face in terms of competition from fintech companies: "We have issues with retention… We see a lot of [fintech companies] popping up, luring young talent away with sexy job titles like Head of Product. So we have gone back and forth in terms of what's the right program duration."

A Training & Development Director from the insurance sector echoed the comments about job titles: "We've also seen that titles matter and we don't know what to do about it yet." These smaller, more agile outfits can often offer graduates a seemingly accelerated route to career advancement, and with a more appealing job title. This is because they are not restricted by the long standing norms of corporate culture, structured job roles and established ways of doing things within traditional financial services institutions.





## CREATING "A PIPELINE FOR SENIOR LEADERSHIP"

Several leaders described how they have developed cohort-based emerging leadership programs, in order to nurture institutions' future leaders. The group discussed ways in which banks, insurers, and other financial services providers are pinpointing potential leaders early on in their career, as a way to address succession planning. Identified employees typically meet once a month, and in one example the individuals also receive training from executive coaches.

Another institution includes Myers-Briggs Type Indicator (MBTI) assessments in their leadership program, as well as extensive training to develop soft skills such as conflict resolution. Participants carry out capstone projects with peers and present their ideas for organizational change to senior management. The delegate noted that these activities have yielded many great ideas for the business: "it's a great way to turn your people into an internal think tank."

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**Key take-aways**

The group of senior L&D leaders from a range of banks, insurers, and other financial services providers recognized the importance of investing in mapping goals with skills across the business, and providing appropriate training to ensure that gaps are closed. However, participants felt that there was a missing piece in the puzzle - measuring the long-term impact of training. Ideally, this work should cover three key areas:

1. **The role of the manager.** Managers should not only promote training and skills development amongst their teams, but they should also take an active role in connecting with employees during and after the training experience. A Talent Development leader from an investment management firm commented: "The [training] participant needs ownership and accountability for the learning, but then there's also responsibility for their manager to help develop them in those skills. We found a disconnect between managers sending staff on training courses, but then not following up afterwards." They suggested that for longer term programs, this could take the form of bite-size monthly "nudges."

2. **The importance of measurement.** The group agreed that measurement should extend beyond the quality of training offered, to also include its long-term impact on the individual, team, and business. A Talent Development leader in insurance commented: "I'm not sure if we can call [our training program] completely successful yet, because I don't know that we have true metrics in place to be able to identify its success. If we had measurement in place, or data, to support that the training helped to advance the individual, that would be helpful. Right now we just rely on leader feedback."

3. **Engagement with program alumni.** Once a program has finished and participants have completed the course, the collaboration and learning need not end. Program alumni should be connected with existing cohorts and encouraged to continue networking with their course mates across the business. Several participants agreed that their institutions are not doing enough in this area. A Learning & Development leader from a financial services institution commented: "I am asking myself what can we do from an alumni perspective?"

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