

BRAVING IN A TIME OF CONSTANT CHANGE

Over the last several months, we have written articles, both in the “Directors’ Compass” and “Editorial,” about the consistent change that has taken place and its impact to boards of directors of community banks. Times have changed, and boards and managements need to be able to adapt in order to stay relevant. Relevance should be an ongoing discussion among board members, and we know there are several community banks that have recently exited because the board did not see the possibility of staying relevant in the future, not to mention the price received for their franchise. When you think back at the changes over the last ten years, two years, five months, and even the last 30 days, the changes and their impact to boards have accelerated, and boards need to consistently adapt and modify to stay relevant.

However, as we know, dealing with change creates fear and anxiety, and we have written about three virtues that help in dealing with a board’s fear and anxiety caused by change. These virtues are: Infinity in a Jar (remaining open to change as compared to closed off); Staying Hungry (search for knowledge); and Governing from the Future (visualizing and acting today as if it were three to five years in the future). All of these are designed to deal with the fear of consistent change and to muster the courage as a means of dealing with that change. These virtues not only apply to a community bank board but also to us as individuals, since we are bombarded by change every minute. It is not like it was 10 years ago.

Recently, we had ongoing discussions with several banks about relevancy and the need to change focus in the future-looking at what kind of horse you are, and what will be relevant in the future.

This leads to conversation on change. We have long stated that the regulators and bankers are too focused on evaluating performance by looking at the past, and that they are missing what is in front of them. We love to use the visual of directing and regulating through the rear window rather than the windshield. There is a reason why the windshield is always bigger than the rear window! There is more opportunity looking forward than looking back. If you are not aware of what is in front of you and can change direction, often the outcome will not be good. But dealing with that type of change requires courage and braving!

A few years back we read Brene Brown’s book, *Braving the Wilderness: The Quest for True Belonging and The Courage to Stand Alone* (Random House, 2017). While Ms. Brown primarily focuses on the individual and her concept of true belonging, we think that there are some concepts from this book that should be of interest to boards of community banks as they muster the courage and bravery to deal with the changes and concerns that are affecting their bank.

Ms. Brown’s work focuses primarily on true belonging, knowing ourselves, being comfortable with ourselves, and standing up for ourselves. “True belonging is a spiritual practice of believing in and belonging to yourself so deeply that you can be your most authentic self with the world and find sacredness in both being part of something and standing alone in the wilderness. True belonging doesn’t require you to change who you are. It requires you to be who you are.” This is an interesting thought for community banks. Who are you? Are you able to withstand the wilderness going it alone? Do you really understand who you are and what you are meant to be?

Who you are is not solely what the regulators want you to be, what your peers want you to be, what your customers want you to be, or what your shareholders want you to be. It is who you want to be, and most likely an aggregation of the desires of many. We have long stated that the most successful community banks fully understand the expectations of their partners (shareholders, directors, employees, customers, regulators, vendors, community) and know that they cannot serve only one, but need a balanced approach. It requires a full understanding of what you are, what your values are, what your mission is, what is critical to the bank and you, and how you stay true and free to act. Maya Angelou states, “You are only free when you realize you belong no place. You belong every place, no place at all. The price is high. The reward is great.”

There are some important messages from Ms. Brown’s book on braving that would be an interesting read for boards and managements of community banks. She utilizes the acronym BRAVING: Boundaries; Reliability; Accountability; Vault; Integrity; Nonjudgment; and Generosity. These terms mean something when we consider how we can have more courage and bravery to deal with changes. Ms. Brown, in exploring BRAVING, looks at the four points of: People are Hard to Hate Close Up and the Need to Move In; Speak the Truth to Bullshit; Hold Hands With Strangers; and Strong Back, Soft Front and Wild Heart. While each of these are important, there are two specific points that are particularly relevant: one, dealing with building self-trust and trust with others, and the second, creating a strong back and strengthening the courage muscle to deal with changes that take place.

BRAVING IN A TIME OF CONSTANT CHANGE

(Continued from page 10)

Building Trust and Trusting Others

Ms. Brown makes the following points using the BRAVING acronym on building trust within and with others.

Boundaries - "You respect my boundaries, and when you are not clear about what is ok and what is not ok, you ask. You're willing to say no." Within our banks, are we respecting boundaries, and do we ask for permission or just act? Often today, boundaries are not respected. How do we build respect with understanding the boundaries both with others and with ourselves?

Reliability - "You do what you say you will do. This means staying aware of your competencies and limitations so you don't over-promise and are able to deliver on commitments and balance competing priorities." Part of staying true to yourself and also to your bank is knowing your capabilities and being able to consistently deliver. Reliability, dependability, and presence are all critical to building trust and confidence.

Accountability - "You own your mistakes, apologize and make amends." Part of a bank's values should be taking ownership and being held accountable for actions and thoughts. You cannot build trust when you are always pointing the finger at others.

Vault - "You don't share information or experiences that are not yours to share. I need to know that my confidences are kept and that you are not sharing with me any information about other people that should be confidential." This is at the core of banking, and, often, a breach of confidentiality is the cause of the breakdown of

trust. How can you be trusted and how can you trust others if information is not maintained? While sharing confidential information often leads to immediate gratification to those sharing (feeling of importance), the long-term effect is significant.

Integrity - "You choose courage over comfort. You choose what is right over what is fun, fast, or easy. And you choose to practice your values rather than simply professing them." Walk the talk. We know this is in many banks' value statements. If you do not do what is right now, how can you be trusted to do what is right in the future? However, for those who have faulted in this, what matters now is what your next step is. You have to start again to build integrity, and it is done one day at a time. Action over words!

Nonjudgment - "I can ask for what I need and you can ask for what you need. We can talk about how we feel without judgment." If we trust others we can have these discussions, but we want to have tough conversations without judgment but, rather, with acceptance. We need to have tough conversations about the bank with an open heart, an open mind, and a dedication to the bank.

Generosity - "You extend the most generous interpretation possible for intentions, words, and actions of others." Do we really give others the benefit of the doubt and the most generous interpretation with an open heart and open mind? Often, we come in with a closed mind - we need openness and willingness to learn.

When you think about these terms and building trust, you can think about how it applies to those who touch your bank. Do you have those who are trusting of others?

Do you have those who respect boundaries? Who are reliable? Who are accountable? Who maintain confidentiality? Who have integrity? Who are nonjudgmental and, of course, generous? When you think about these terms, how do they also apply to your own banking institution? How do others see your bank? Is your bank trusted? Does it deliver? Is it accountable? Is it reliable? Does it have integrity? These are virtues are so critical to the success of banks on a consistent basis. Those that are not trusted or can't build trust may have some short-term success but are often long-term failures.

Strong Back and Strengthening the Courage Muscle

Ms. Brown writes about strengthening the courage muscle by using the BRAVING acronym. How does your bank strengthen the courage muscle in dealing with change?

Boundaries - "Learn to set, hold, or respect boundaries that challenges the ability of letting go of being liked and the fear of disappointing people." The bank's values are important, and the best banks know that not all of their partners are going to like every decision, but they will like the bank staying true to itself and its core values.

Reliability - "Learning how to say what we mean and mean what we say. The challenge of not over committing and promising to please others and prove ourselves." Always deliver on what is promised. Being able to be confident in delivering builds courage. But also know not to over promise as a means of being liked. Over-promising to appease others leads to disappointment.

Accountability - "Learning how to step up, be accountable, take responsibility, and issue meaningful

BRAVING IN A TIME OF CONSTANT CHANGE

(Continued from page 11)

apologies when we are wrong. The challenge is letting go of blame and staying out of shame.” Take control of your own accountability and do not be denigrated by others. If you are true to yourself, mistakes will still happen; own it and move forward.

Vault - “How to keep confidences, to recognize what is ours to share and what is not. The challenge is to stop using gossip, the common enemy intimacy, and oversharing as a way to hot wire connection.” Know when to speak and when to listen. Know what not to share and when to share.

Integrity - “Learning how to practice our values even when it is uncomfortable and hard. The challenge is to choose courage over comfort in those moments.” Often, for many, actions when no one is looking are what signifies integrity. Act the same when people are watching and when they are not.

Nonjudgment - “Learning how to give and receive help. The challenge is letting go of ‘helper and fixer’ as our identity and the source of our self-worth.” Banking is a team effort, and no one goes it alone. Being part of a team and accepting help and being of help is important but should not define who we are, other than a good team player.

Generosity - “Learning how to set the boundaries that allow us to be generous in our assumption about others. The challenge is to be honest and clear with others about what is ok and what is not ok.” To often we do not communicate our beliefs but rather accept communication from others. Keeping a generous heart in communication with others is important.

Are we BRAVING? Are we doing the things that need to be done, especially with regard to the consistent changes that have taken place? How can we be better people and better directors who can effectively lead an ever-changing bank? Ms. Brown gives some suggestions that may be of help. If we can continue to be open to change in how we look at things and how we look within ourselves, always willing to learn and grow, then our future is open and unlimited. But if we stay closed and look backward rather than forward - - our future will be troubling.

Ms. Brown also has some discussion about civility and incivility that is relevant. In today’s world, there is so much incivility taking place, and such incivility often leads to blame, shame, and our own vulnerabilities. In fact, it is so difficult to even watch the news. We know that incivility can fracture a team, destroy collaboration, splinter members, and hamper team effectiveness. Patrick Lencioni, in all of his team building books (a constant source for the “Directors Compass”), focuses on the need for civility and respect for others. Belittling and demeaning comments, insults, and other rude behaviors can deflate confidence, sink trust, and erode helpfulness, even for those who are not the target of these behaviors. We can all wish that social media did not exist.

A definition of civility from the Institute for Civility in Government (seems ironic) is as follows: Civility is claiming and caring for one’s identify, needs, and beliefs without degrading someone else’s in the process ... (Civility) is about disagreeing without disrespect, seeking common ground as a starting point for dialogue for differences, listening past one’s preconceptions, and teaching others to do

the same. Civility is the hard work of staying present even with those with whom we have deep-rooted and fierce disagreements. It is political in the sense that it is a necessary prerequisite for civil action. But it is political, too, in the sense that it is about negotiating interpersonal power such that everyone’s voice is heard, and nobody is ignored.” In today’s world, incivility has become the rule, when it needs to be the exception. Think that we all need to read and understand this since it is also a lesson on how to treat and respect others.

The main goal of the “Directors’ Compass” is to comment on how we become better directors by being better people. How do we become better community banks that really make a difference? How can this happen when there is consistent change taking place? We think that boards must be BRAVING and be true to themselves. While things can change - - if we have the right bank, the right vision, and the right values (and those should not change), we can stay BRAVE and make a difference.

Gary Steven Findley, Editor