

# Total Rewards Symposium 2024



d. hilton associates inc.



## Sarah Hilton, CDR

**Senior Vice President**

D. Hilton Associates, Inc.

[sarah@dhilton.com](mailto:sarah@dhilton.com)

**BEST BOOK:** *Rebecca* by Daphne Du Maurier

**BEST POD:** I don't listen to podcasts. However, my favorite audiobooks right now are the *Will Trent Series* & *Grant County Series* by Karin Slaughter.

**BEST BINGE:** *Slow Horses*

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**Senior Vice President**

D. Hilton Associates, Inc. (16 years)

**Southern Methodist University**

BA, English

**AIRS**

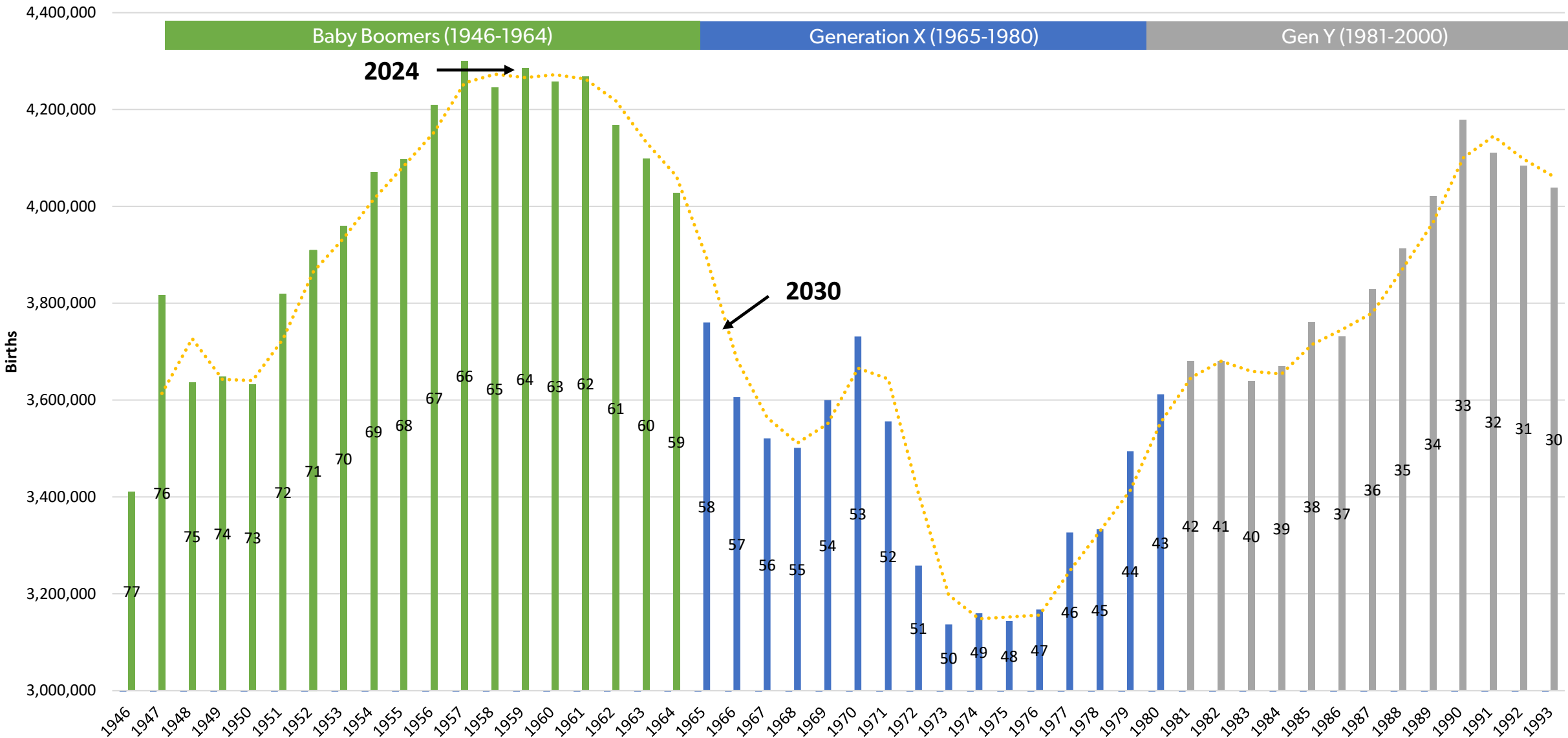
Certified DEI Recruiter

# The Current State of the Talent Supply

*(Another D. Hilton Reminder of the Importance of Succession Planning)*

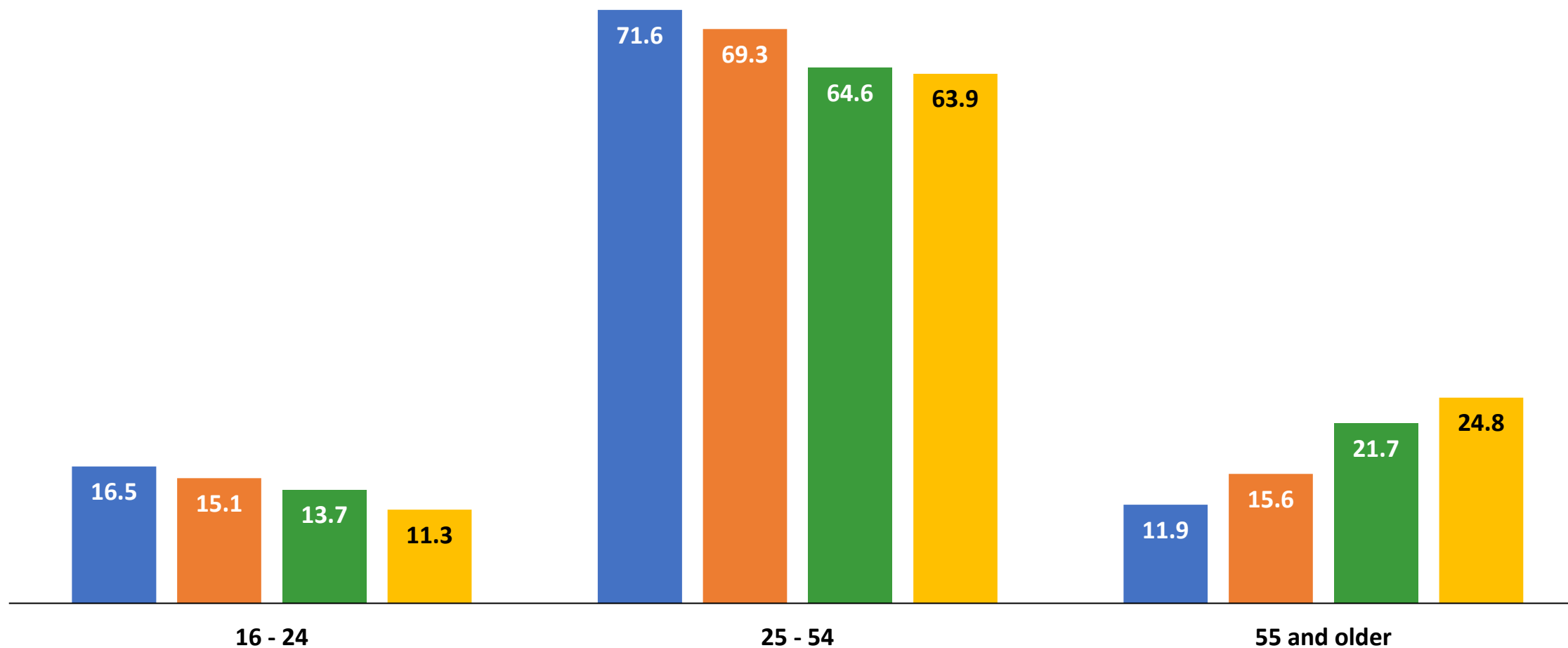
*Sarah Hilton, Senior Vice President*

# Tracking the Baby Boomers



## Distribution of Civilian Labor by Age Groups 1994, 2004, 2014, 2024

■ % Distribution 1994   ■ % Distribution 2004   ■ % Distribution 2014   ■ % Distribution 2024

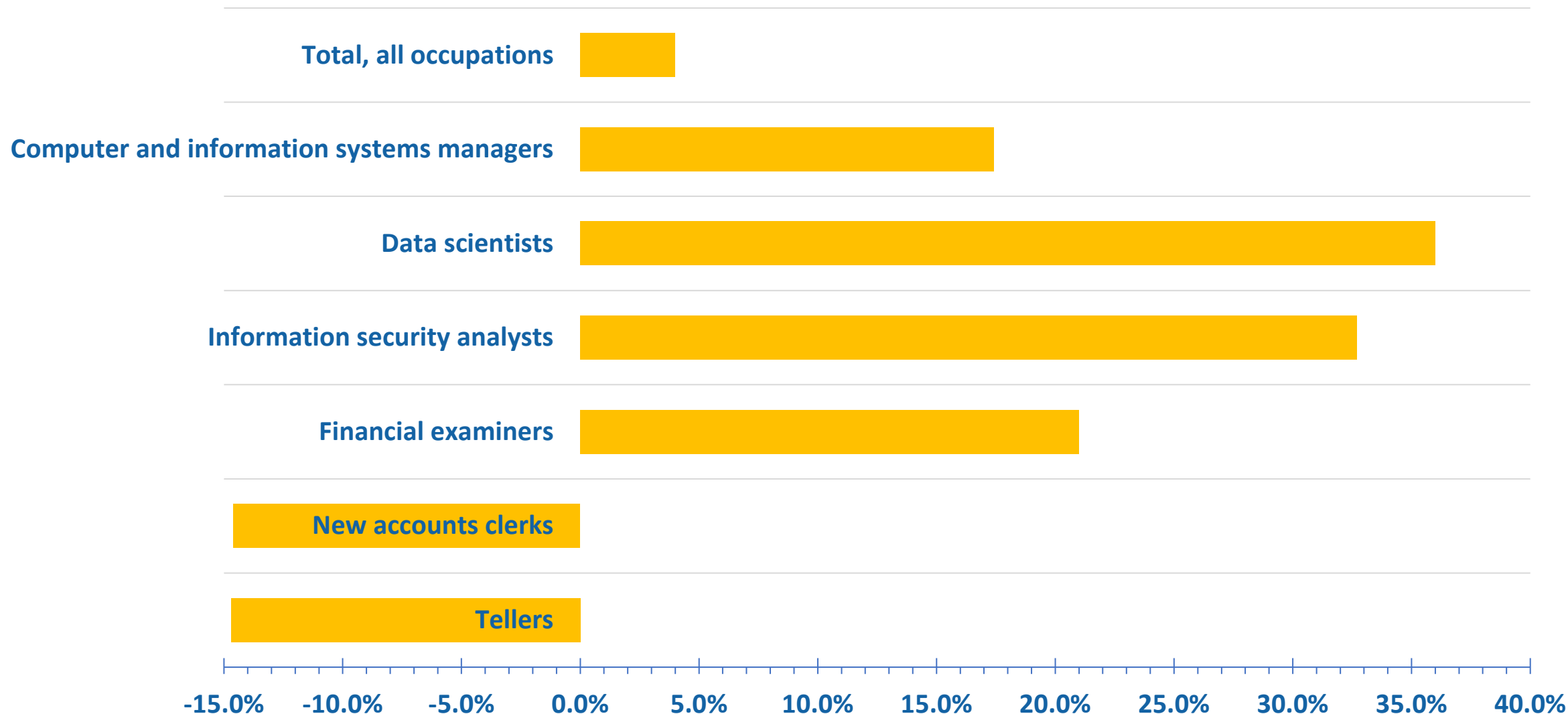




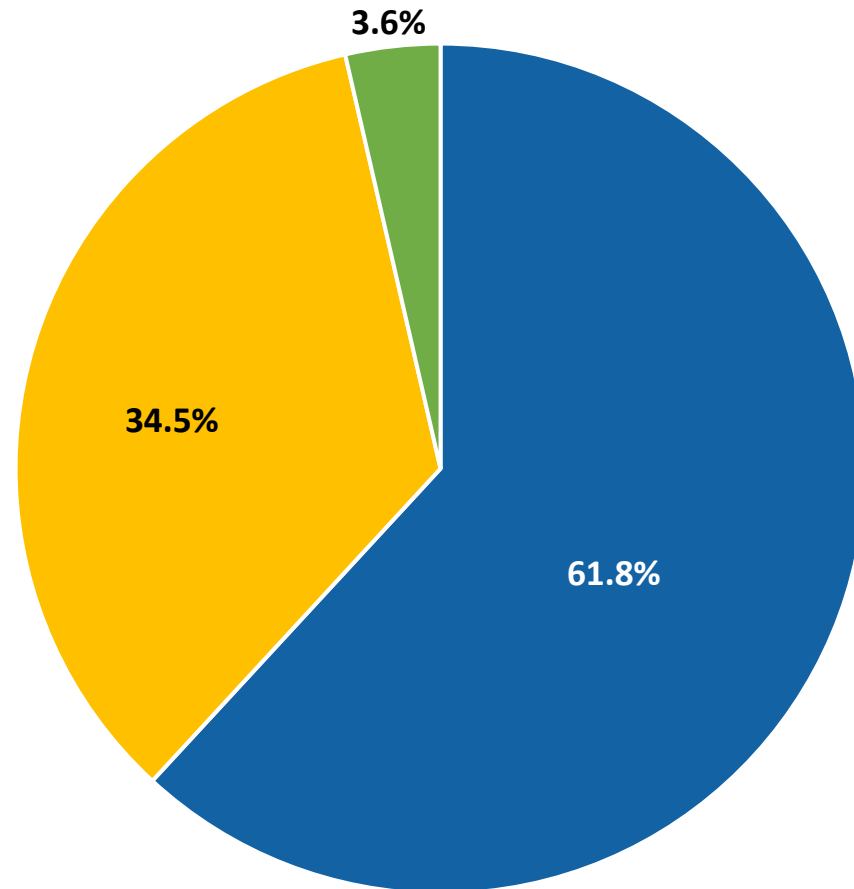


- Over 4 million Americans are projected to reach age 65 every year through 2030.
- That's more than 11,000 people *every day*.
- Age 65-plus workers represent the fastest-growing segment of the workforce.

# Fastest Growing & Declining Occupations Projections 2023- 2033



# General Recruiting Outlook for 2024



- I expect us to have more open roles than qualified candidates.
- I expect us to have an equal (or roughly equal) number of qualified candidates and open roles.
- I expect us to have more qualified candidates than open roles.





# Causes of the Talent Shortage

- Demographic Shifts
- Evolving Industry Needs
- Competition
- Succession Planning Gaps

# Causes of the Talent Shortage: *Demographic Shifts*

Approximately 40% of credit union CEOs have reached retirement age in the past five years.

# Baby Boomer Retirements in the Credit Union Industry

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65

Retirements  
in 2014

67

Retirements  
in 2015

72

Retirements  
in 2016

74

Retirements  
in 2017

77

Retirements  
in 2018

86

Retirements  
in 2019

103

Retirements  
in 2020

132

Retirements  
in 2021

165

Retirements  
in 2022

152

Retirements  
in 2023

160

Retirements  
in 2024

\*The above information are estimates of CEO retirements among credit unions with \$500 million+ assets.

# Causes of the Talent Shortage: *Evolving Industry Needs*

## The Case For Continuous Learning

The rapid rate of evolution in technology necessitates an organizational focus on continuous learning.

87% of companies surveyed expected to have a skills gap in the next 5 years.





Historically, the credit union industry has lagged other industries in certain areas:

- Cybersecurity and protecting sensitive data
- Digital transformation
- Automation
- Using CRMs and member data to drive marketing and product development

# Executive Skills Most in Demand

1. **Adaptability and Agility**- the ability to **pivot** quickly and lead through **change**.
2. **Data-Driven Decision-Making**: the use of **data analytics** and **business intelligence**.
3. **Digital Competence**: strong grasp of **digital trends** and **technological innovation**.
4. **Emotional Intelligence (EQ)**: self-awareness, a focus on **organizational culture**, building **relationships, collaboration**, and leading with **empathy**.

As the credit union industry continues to become more complex and both employee and member expectations change, effective leadership is more important than ever.



Plus, we often want hire executives with credit union experience or other limiting qualifications...



# Causes of the Talent Shortage: *Competition*

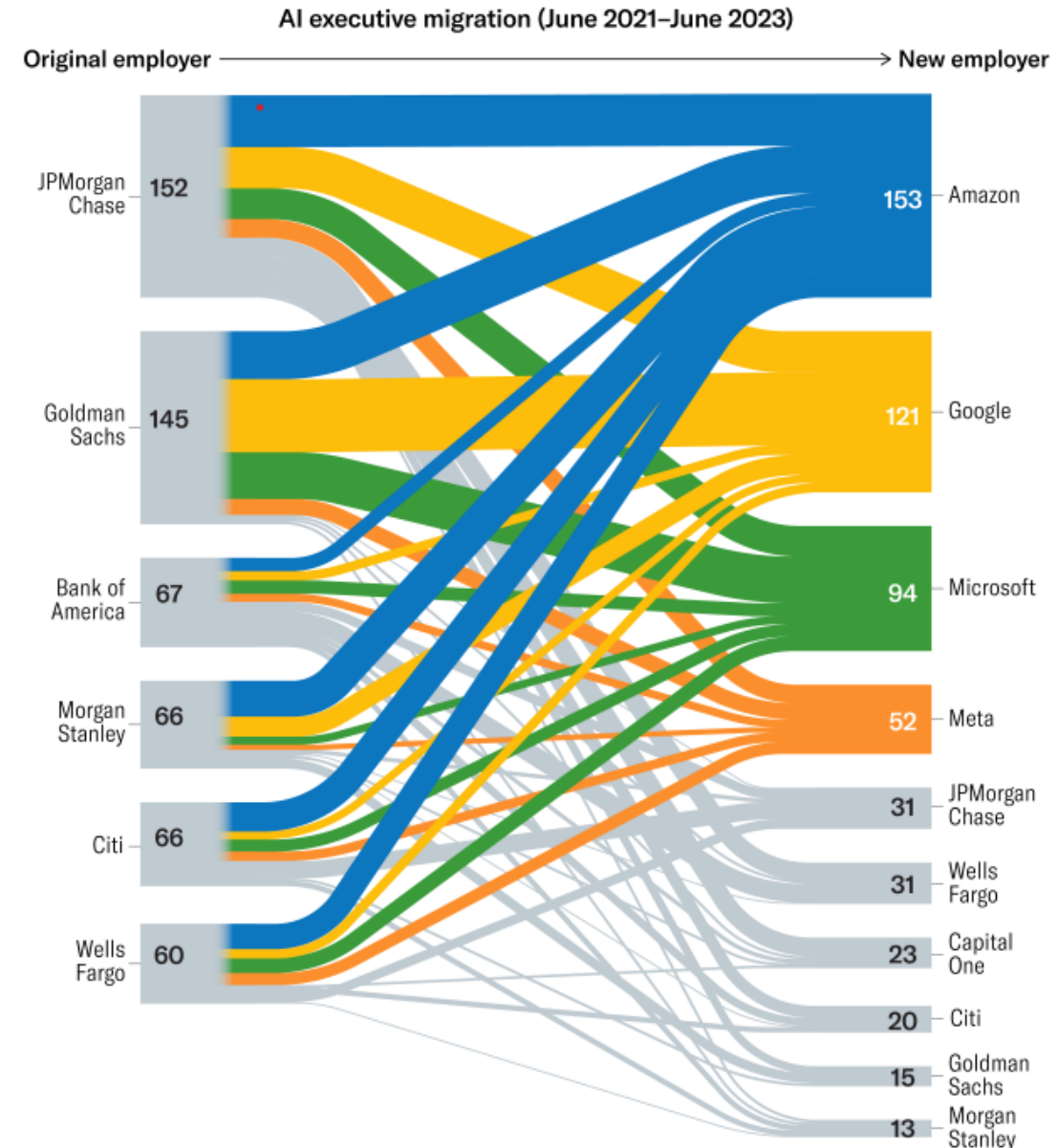


Credit unions are competing for talent with other industries, including those outside of financial services.

Even the big banks struggle to retain employees with skillsets that are in high demand.

According to a study of LinkedIn data, a typical bank loses four AI professionals for every five it hires.

## AI Talent Is Leaving Big Banks for Tech



Source: Punks & Pinstripes analysis of LinkedIn data

HBR



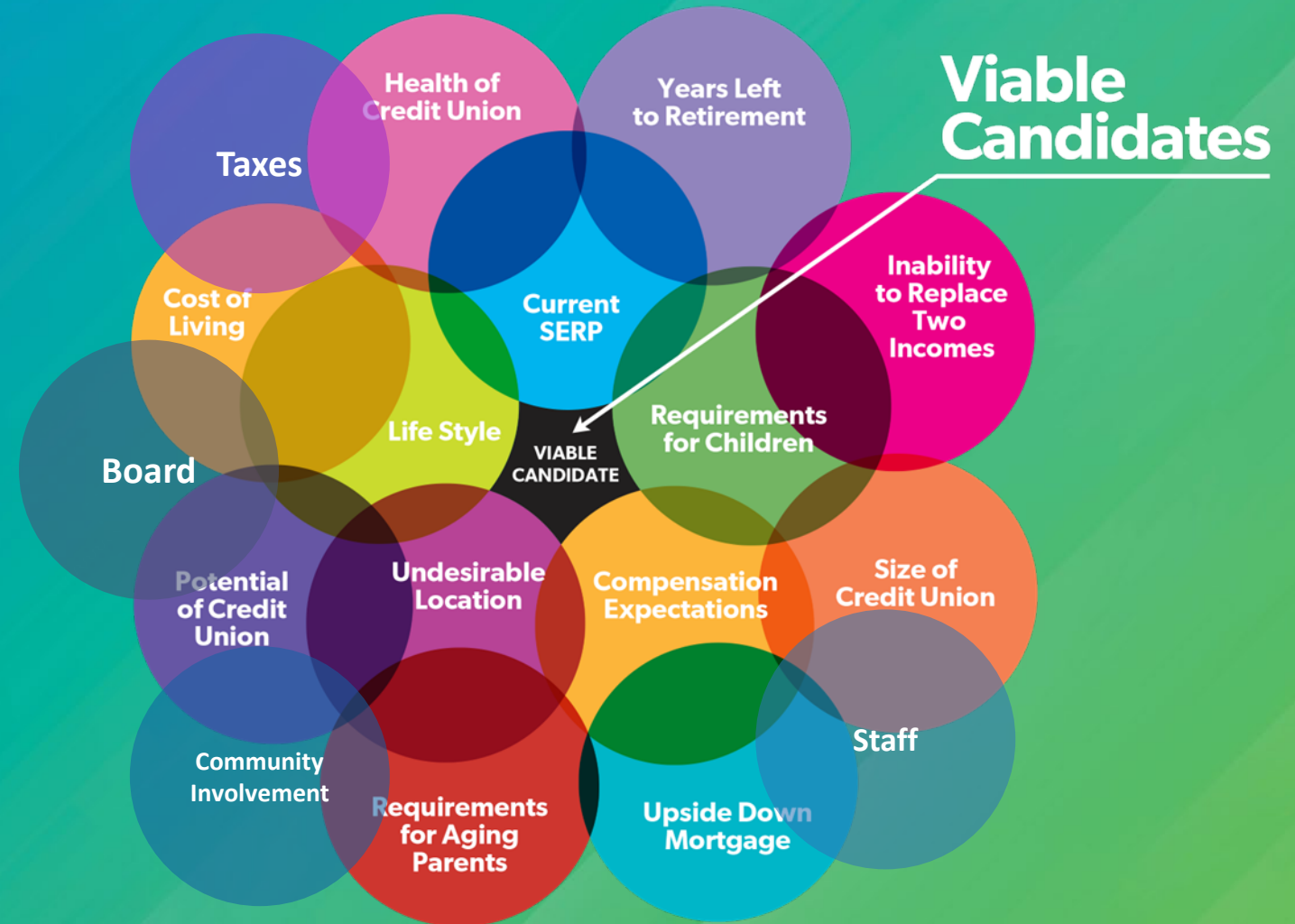
# Causes of the Talent Shortage: *Additional Challenges*



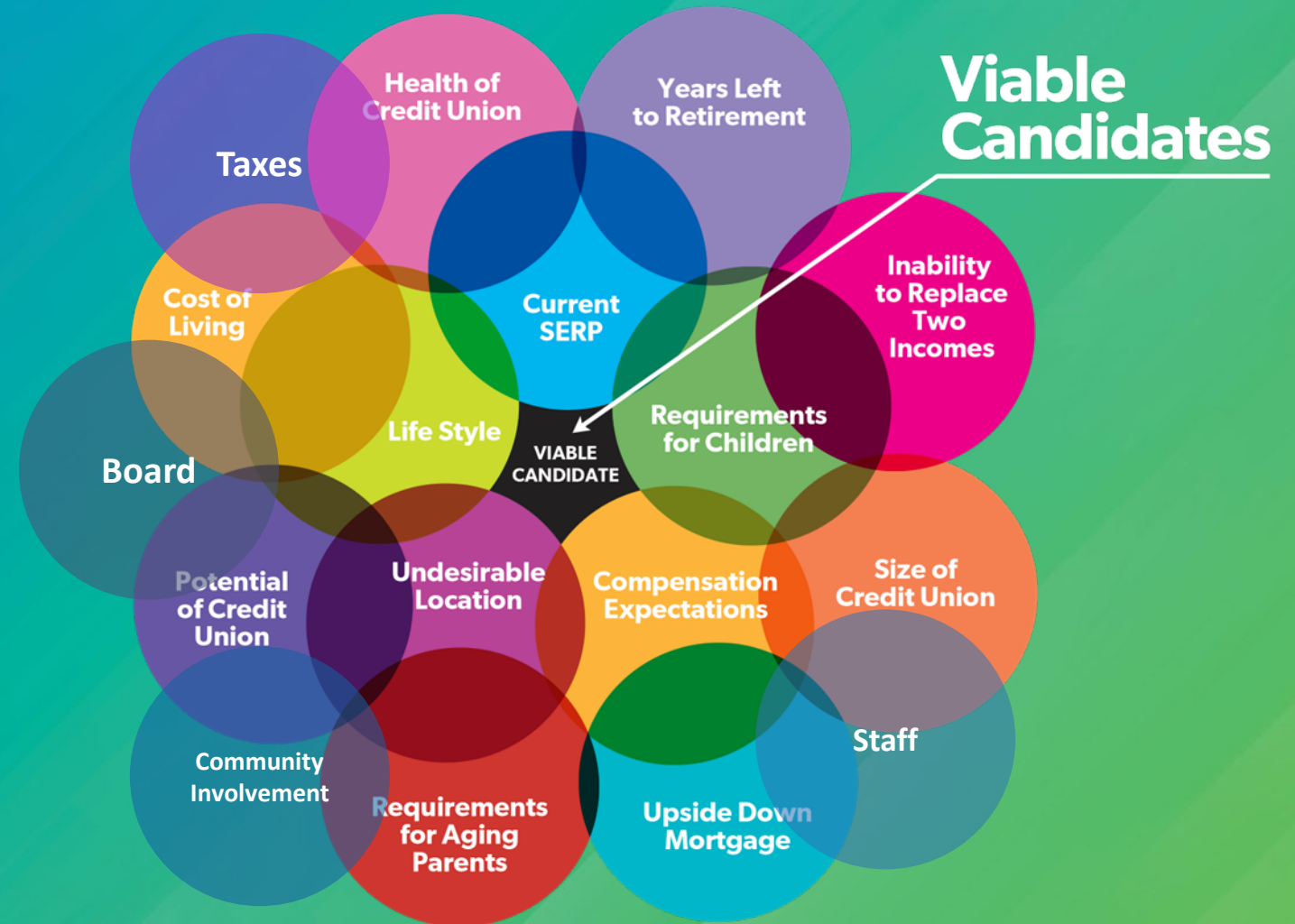
# Credit unions face additional challenges when hiring talent:

- **Compensation**
- **Onsite vs. Hybrid vs. Remote Work**
- **Family Needs**

# The Pool for Viable Candidates is Shrinking



Using this image  
in a presentation  
is a D. Hilton rite  
of passage



# Hiring For Today & Planning For the Future



# Strategies to Meet the Demand for Talent

- Identify high performers & build a talent pipeline
- Identify current and future organizational needs and invest in employee training, leadership development, and learning opportunities.
- Regularly engage in workforce planning by developing future positions and updating job descriptions and requirements.
- Look outside of credit unions for specialized skillsets, and then teach those employees about credit unions/financial services.
- Assess which skills are essential now and for the future.



# The Evolution of Executive Roles in Financial Services

Emphasis on Technology

Risk Management

Data-Driven Decision Making

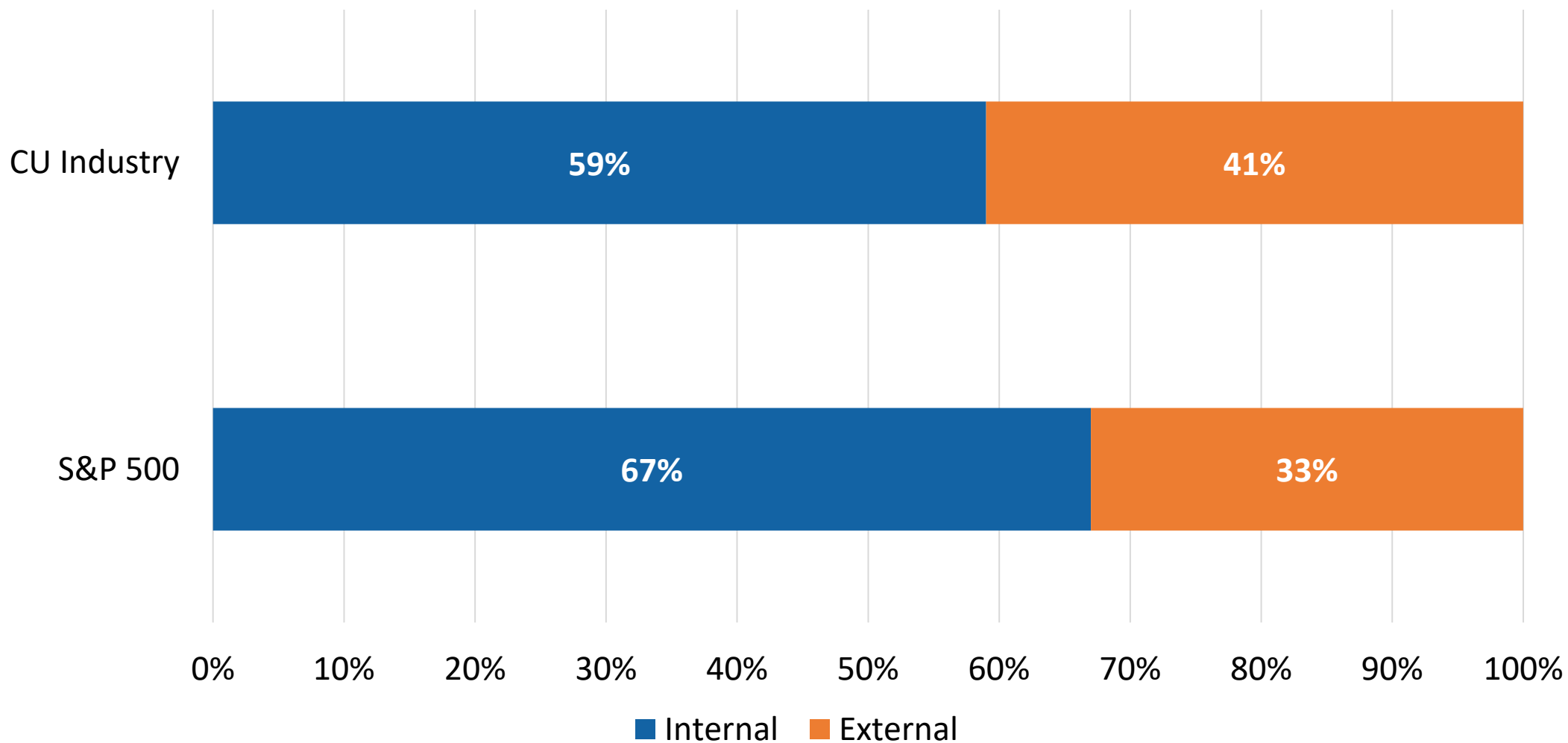
Customer-Centric Strategies

Diversity and Inclusion



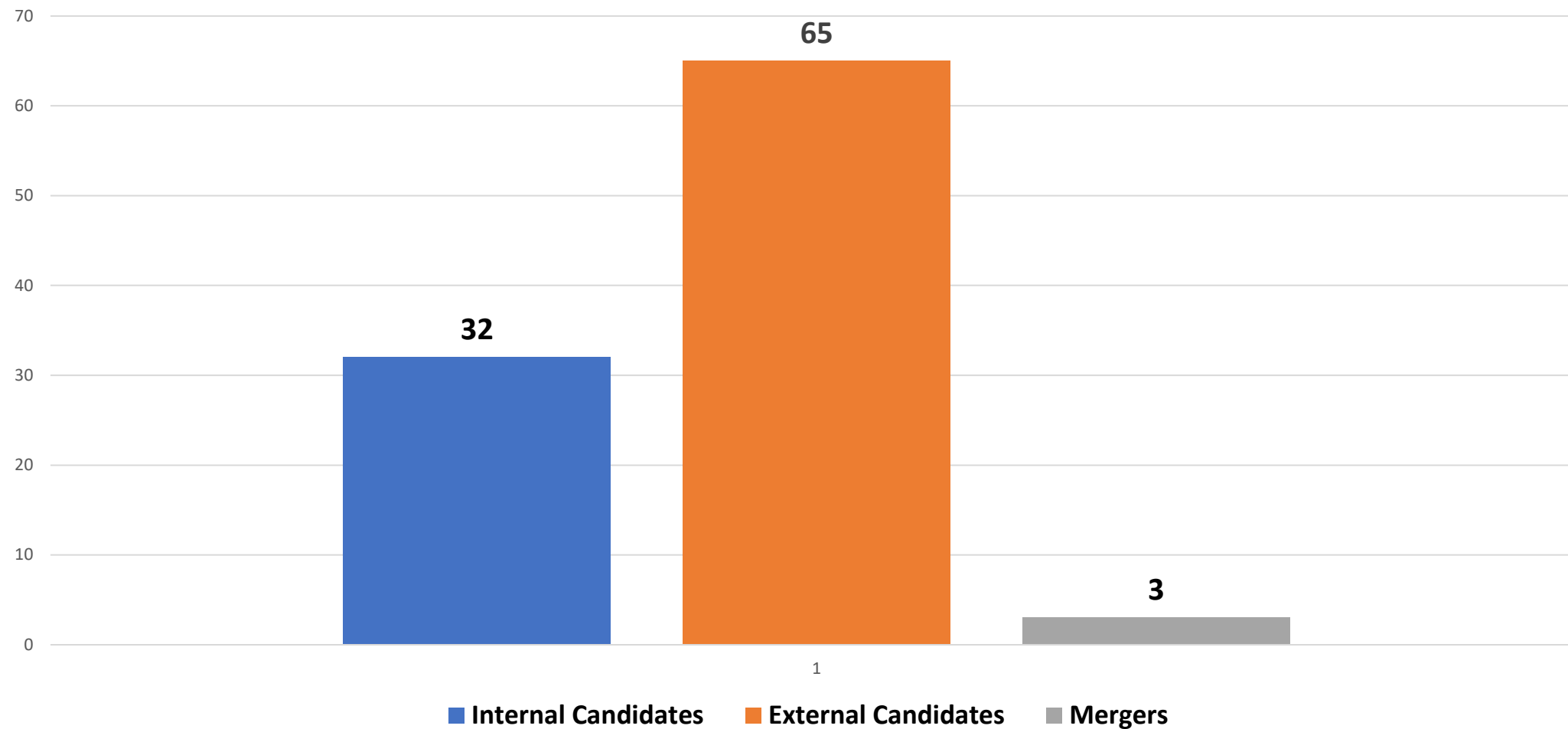
# Succession Planning

## How many CEOs are internal vs. external hires?



Source: PwC 2019 Strategy & Global CEO Study / D. Hilton Associates 2023

## Internal vs. External Candidate Selection in D. Hilton's Last 100 CEO Jobs



# *The four basic CEO succession pathways*

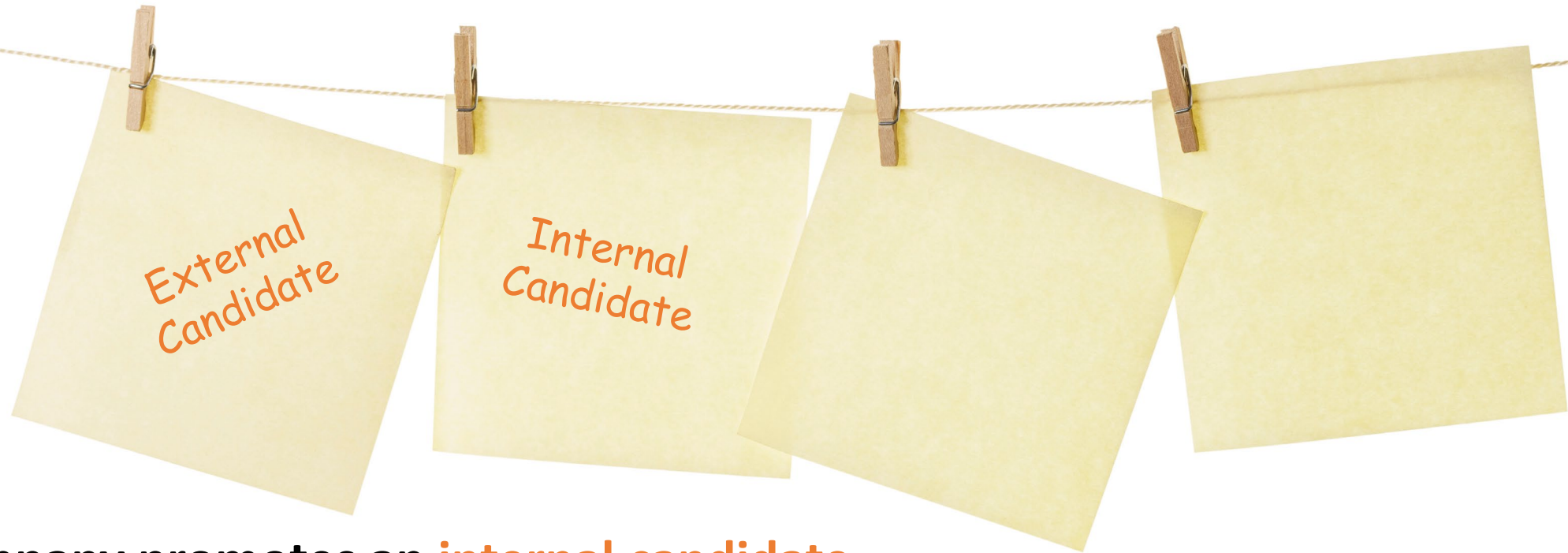


## **1. Company recruits an external candidate**

- (+) Proven leadership experience.
- (+) Greater opportunity to make needed strategic, operating, and cultural changes.
- (+) Can bring a broader external perspective.
- (-) Board has not evaluated performance first-hand.
- (-) Can lead to disruption among operations and staffing.
- (-) Less familiar with the company / culture.



# *The four basic CEO succession pathways*

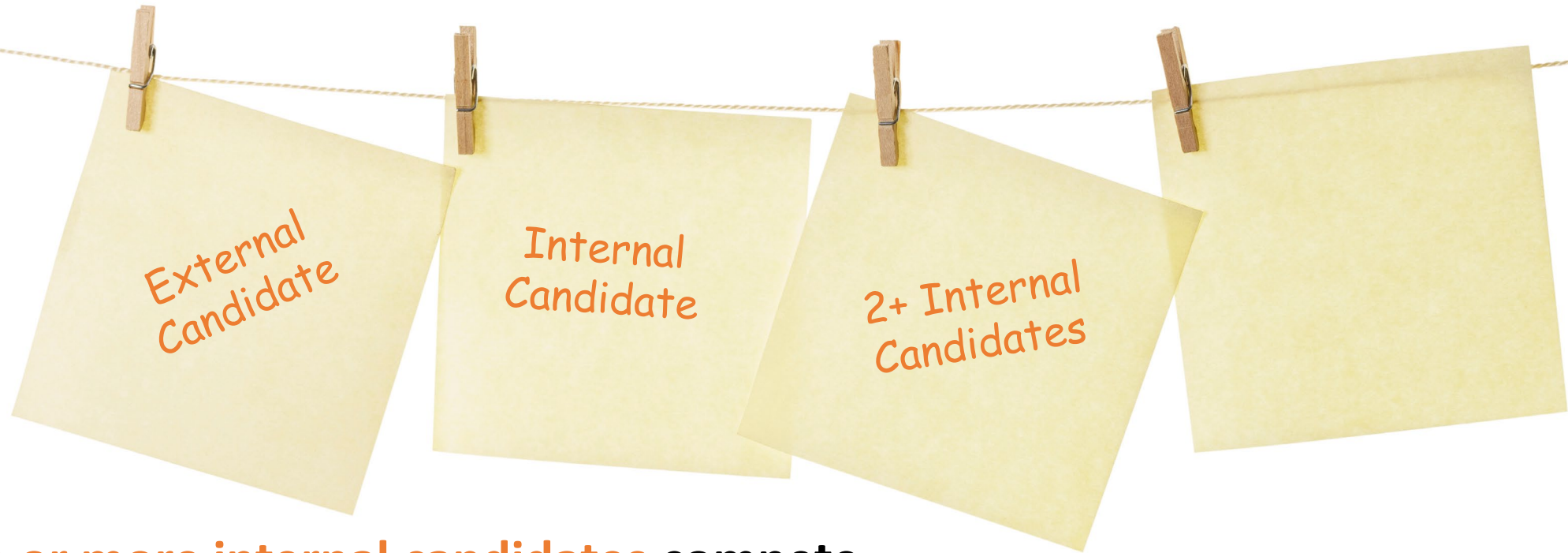


## **2. Company promotes an internal candidate**

- (+) Familiarity between Board and Executive.
- (+) Maintenance of current company / culture.
- (+) Less disruption among operations and staffing.
- (-) Responsibilities need to be clearly defined.
- (-) If overlap, needs clearly differentiated role from CEO.
- (-) Risk of becoming “lifetime COO” if left too long.



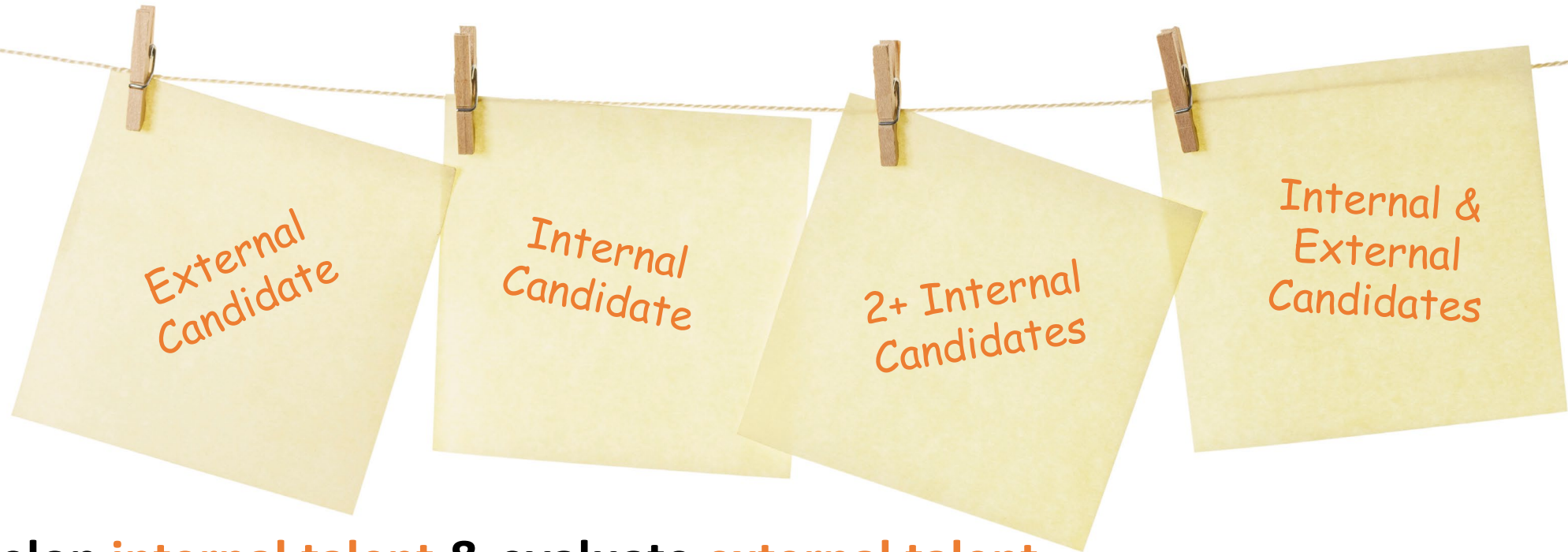
# *The four basic CEO succession pathways*



## **3. Two or more internal candidates compete**

- (+) Familiarity between Board and Executives.
- (+) Board opportunity to assess multiple internal candidates.
- (+) Executives develop needed leadership skills.
- (-) Highly public and can result in unwanted attention.
- (-) Creates internal factions who advocate favorites.
- (-) Can precipitate a “brain drain” when losers resign.

# *The four basic CEO succession pathways*



## **4. Develop internal talent & evaluate external talent**

- (+) Internal Candidates develop needed leadership skills.
- (+) Provides greater diversification of candidate talent.
- (+) External validation assures that best CEO is selected.

- (-) Requires significant planning and oversight.
- (-) Communication is essential to preserve trust.



# Long Term Impacts

- Stagnation
- Loss of Productivity
- Cultural Disruption
- Loss of Productivity
- Consolidation
- Missed Strategic Opportunities



**Addressing this challenge will require a focus on leadership development, succession planning, and creating competitive offerings to attract and retain top executive talent.**



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