

# CASE STUDY



## Chesapeake Bank

*Chesapeake Bank Turns to Allegiance to Retain Employees, Build a 92% Employee Recommendation Rate*

Chesapeake Bank is a subsidiary of Chesapeake Financial Shares, a financial services holding company with nearly \$600 million in assets. The bank currently operates seven offices in Virginia's Northern Neck and Middle Peninsula regions, as well as four branches in Williamsburg, and it has more than 200 employees. Thanks to its innovative programs and banking initiatives, the bank has grown from a \$25,000 company in 1900 to over \$537 million in assets by the end of 2008.

### The Challenge

A few years ago, Chesapeake Bank was facing some stiff competition for talent in the markets it served. To successfully compete, the bank knew it not only needed to retain its current employee base — especially top performers — but it also needed to distinguish itself as an employer of choice to continue to attract and retain new employees. To accomplish that, the bank needed to understand what made employees stay or leave and which factors caused employees to engage or disengage with the company, as those factors directly impacted employee morale.

"We recognize that one of the most valuable aspects of our business is our employees. If we keep our employees happy, then our customers are happy and our stockholders are happy. It's a domino effect," said Pat Lewis, Vice President and HR Director, Chesapeake Bank. "In the past, some employees said they felt like they didn't have a voice, or that their suggestions weren't being heard. To keep our employees happy and engaged, they have to feel like they're part of our organization, that we're listening to them and value their feedback, and that we're actively working to create a better working environment. Thus, we're continually looking for ways to do that, especially since we know that if our employees are happy and engaged, that's the type of place that other people will want to work."



### CHALLENGE

- Retaining employees, especially top performers, particularly after the U.S. banking crisis hit
- Gaining a better understanding of the factors that made employees stay or leave
- Getting candid feedback from employees in a way that employees would be comfortable with

### ALLEGIANCE SOLUTION

#### Employee solution

### RESULTS

- Chesapeake has been able to maintain its low employee turnover rates and keep its top performers, despite the U.S. banking crisis
- Chesapeake is well below the national average on employees likely to begin looking for another job in the next six months: 10% for Chesapeake vs. the national average of 36% for Banks & Financial Institutions
- 92% of Chesapeake's employees strongly agree or agree that they would recommend a friend or relative to work for the company

# Allegiance Case Study



In an effort to gather more feedback, the bank tried suggestion boxes, open forums, focus groups, etc. However, those programs were only marginally successful. The bank also brought in a consultant who helped roll out a formal “Great Place to Work” program and conducted an annual employee survey. Although the bank was happy with the consultant’s work, it wanted — and needed — to do more. The challenge was finding a way to get more feedback from employees in a way that they would be comfortable with and feel like they were being heard.

“As an employer, we would prefer to have employees go directly to the source and make a complaint or suggestion, or ask a question. But we recognize that there are all sorts of reasons why people may not feel comfortable doing that. We felt like it was important for us to set up a communication venue where our employees could submit their feedback and input anonymously,” Lewis said. “Even though we haven’t had high turnover rates, we don’t want to have those problems so that’s why we were aggressively searching for a solution.”

## The Solution

Chesapeake Bank selected the Allegiance employee solution, the only multi-channel enterprise feedback management (EFM) platform to hear and respond to the voice of employees in real-time and increase their loyalty and engagement. This solution gave Chesapeake’s employees an anonymous way to voice their concerns and issues and ask questions and make suggestions. It also enabled the bank to quickly spot and address employee-related issues and identify emerging trends.

“The Allegiance solution allows employees to ask questions and make comments about things that we don’t think they would have without this venue. It’s has been well received,” Lewis said. “Our employees recognize and appreciate the fact that they can have their concerns heard. I think that goes a long way in helping people feel like our bank truly is a great place to work.”

Shortly after the bank began working with Allegiance, the solution became even more valuable when the bank found itself facing a more serious threat: The U.S. banking crisis. Even though Chesapeake Bank never offered sub-prime mortgage loans or took any TARP money, the bank suddenly found itself being painted with the same brush as the banks that had.

“It’s very hard for employees, let alone customers, to distinguish between investment banks, commercial banks and community banks,” Lewis said. “We made good, prudent lending decisions, we have a solid track record, and we have money to lend, but because of everything that’s been going on in the banking industry and with the economy, we’ve obviously been affected, too.”

A big challenge was the potential for current employees to wonder about the stability of working for a bank, and/or being distracted and becoming disengaged with the company, which would negatively impact employee productivity. So, being “in the know” about what was happening with its employees became even more critical. Furthermore, the bank wanted to gather more employee input, ideas and suggestions on how the bank could generate additional income, reduce expenses, etc.

## Insights Gained Using Allegiance

Using the Allegiance solution, Chesapeake Bank uncovered several issues that were taking a toll on its employees:

- **The on-boarding process** – *Many new employees were struggling to feel like part of the bank’s team because of some generational gaps and employee cliques.*
- **Underperformers** – *A high percentage of people said some managers weren’t dealing with certain employee performance issues very well. Plus, the bank learned that managers were spending so much time with a handful of low performers, that it was de-motivating the high performers.*
- **Employee recognition** – *Employees wanted their managers to do more to recognize and reward those who were doing a good job. “The issue wasn’t that managers didn’t want to recognize employees, but that they didn’t have anything on hand to instantly recognize employees,” Lewis said.*
- **Accepting new leaders** – *Some credibility issues were identified with a few employees who had been promoted to supervisory positions (i.e. those who went from being a colleague/peer one day to a boss the next day).*
- **Benefits** – *Some employees wanted more vacation time and flexibility to care for their children, aging parents, or simply take more time off.*

The bank also used the Allegiance system to obtain new ideas and suggestions from its employees on how to improve its business. “We’ve had some good suggestions come in from all levels,” Lewis said. “There is a nice pay out for the ideas that are selected.”

# Allegiance Case Study



## New Employee Programs Developed and Implemented

Based on the insights gained using Allegiance, Chesapeake rolled out several new employee-related programs, including:

- **A mentor program for new employees.** All new employees are now formally teamed up with a mentor the first four months that they are with the company.
- **New management tools for dealing with underperformers.** Managers now have the tools they need to assist low performers in improving their performance and becoming the best that they can be, or helping them find something else. A recently revised performance review process is a direct result of input from employees through the Allegiance system.
- **An instant rewards program.** The bank now keeps several small items, such as gift certificates to local restaurants, department stores and gas companies, on-hand for managers to use to instantly recognize and reward employees for jobs well done.
- **Certification programs.** To address some of the credibility issues, the bank tapped into several management programs offered by the Virginia Banker's Association, which included supervisory training and a Branch Manager Certification program.
- **An "Easy" vacation program.** Employees now have more flexibility and are able to purchase and take up to five additional vacation days, with the cost spread over an annual basis.
- **An "Impact Award" program.** The bank set up a formal program to reward employees for their ideas and suggestions that get used.

*"To keep our employees happy and engaged, they have to feel like they're part of our organization, that we're listening to them and value their feedback and input, and that we're constantly working to create a better working environment. We are very pleased with Allegiance and their employee solution. We feel like we get good candid feedback from our employees now, and even some legitimate criticisms. The Allegiance system has provided us with valuable insights about our employees and our organization, and it is a great feedback platform for our employees to have. I'm a firm believer in it."*

- Pat Lewis, Vice President and HR Director, Chesapeake Bank.

## Results

- The bank has been able to maintain its low employee turnover rate and increase its employee engagement by 11% over the past two years, despite the challenges posed by the banking crisis.
- Chesapeake is currently well below the national average on employees likely to begin looking for another job in the next six months: 10% for Chesapeake vs. the national average of 36% for banks and financial institutions.
- 96% of Chesapeake Bank's employees strongly agree or agree that they are proud to tell people they work for Chesapeake.
- 92% of Chesapeake's employees strongly agree or agree that they would recommend a friend or relative to work for the company.

"We are very pleased with Allegiance and the employee solution. We feel like we get good candid feedback from our employees now, and even some legitimate criticisms," Lewis said. "The Allegiance system has provided us with valuable insights about our employees and our organization, and it is a great feedback platform for our employees to have. I'm a firm believer in it."

For more information,  
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