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High-Impact Credit Training Blog

Building a Strong Credit Culture as a Team: How HR and Credit Administration Can Collaborate to Train Bankers

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Today, organizations must develop a collaborative leadership culture that facilitates employee engagement to achieve institutional goals and objectives. Commercial banks are no different, especially in the credit environment they now face. In the postglobal financial crisis economy, alleviating financial threats is critical to preventing financial losses. All employees must work as a team and understand the key role they each play in this strategy. Training is a critical aspect of successfully implementing this strategy.

In fact, yours must become a strong credit culture where every team member works jointly to methodically develop and apply the practical skills and knowledge to prevent credit risks. We describe a credit culture as, “An environment of shared values and beliefs about an organization’s approach to credit risk in which people behave according to accepted standards and principles when evaluating and discussing lending decisions.”

Since that includes leadership by definition, training should be a combined effort between or across business functions and units. In some cases, this requires rethinking or even restructuring your commercial bank to accommodate this shift. But, the benefits outweigh the costs substantially, and the culture can start with training practices.

If your bank is just starting to explore ways to create this culture, training processes are a principal place to focus. There are some best practices you can implement to create and sustain a credit training culture. Showing this can work between two significantly different business functions like HR and credit administration can lead to senior executives establishing collaborative efforts across your bank in other areas.

Why would these two separate departments collaborate on credit risk training? Because while credit administrators have strong knowledge of bank lending policies and procedures and the regulatory environment affecting their business unit, HR professionals possess skills in training design and learning management that are key to creating effective training programs. A robust working relationship between the two leads to better training outcomes.

In her July 2014 article for Harvard Business Review, "Collaborate Across Teams, Silos, and Even Companies," business psychologist and lecturer at the London School of Economics, Rebecca Newton, provides several keys to creating a collaborative business culture. Here, we've adapted those keys for commercial bank business units a creating credit cultures starting with credit training.

Focus On Shared Interests Rather Than Positions or Job Roles

Most of the time, when leaders from different departments or business units like human resources and credit administration are collaborating, they are not working together on the same teams. Their daily job functions are entirely different so while they might connect related to specific employee needs, they are not engaged in true "teamwork."

Separating teamwork from collaboration is shared goals for the bank. Leaders from each department can find common ground through those shared interests. One of those mutual interests in a credit training culture is ensuring credit training is successful; that all employees gain the same competence in this area. That helps the bank reduce credit risks and increases profitability, which benefits both HR and credit administration leaders. When implementing credit risk training initiatives, have collaborative conversations to identify these shared interests and establish the best programs for your bank's short-term and ongoing needs.

Be Both an Agent and Target of Influence

Like many leaders, those in credit administration and human resources want to influence senior executives and their subordinates. After all, influencing professionals toward common goals is a key element of leadership success. But, when you're trying to credit a credit culture, it's important to be open to being a target of influence, too.

That is possible by being open to each other's ideas, understanding the basis of one another's perspectives before asserting your own and recognizing the equal value of the other's professional role in the bank and what their skill set and experience brings to your collaborative training program. That way, you can increase both your leadership effectiveness and that of your credit risk training initiatives.

Identify Clear Roles and Responsibilities

Although you will recognize each other's equal professional value when you work together, clarifying roles and responsibility in the training program development process is crucial to their positive outcomes. Research shows that doing that helps leaders succeed when leading together. That gives more confidence to your superiors and subordinates that you can be trusted to launch and execute effective programs.

Give Credit Where It Is Due

It is imperative to the success of your training collaboration that you willingly give the other credit for their role in your accomplishments as a team. Converse to taking even the smallest responsibility when things go wrong under your leadership is giving co-leaders public credit for a similarly small role in your training endeavors. Similarly, avoid being the passive recipient of most of the credit for your program's strong execution and outcomes.

Create the Space and Time to Collaborate

In many organizations, collaboration is not a natural part of the business process. Professionals know they should be working collectively on programs, but they also have so many other duties to complete, they don't commit focused time to these activities. Or, they may complete them only to meet their objectives.

But, squeezing in time to collaborate on credit training is not the same as creating a collaborative environment and making it as much a priority as tasks you conduct independently. Purposeful, sustainable collaborative leadership requires that effort to reach core business objectives while meeting the needs and interests of all involved and help them achieve their aims.

By starting with the end in mind—creating a credit culture based on strong education—the collaborative training efforts between HR and credit administration can succeed. When they do, your bank will see reduced losses related to poorly executed credit risk management strategies and an employee culture more engaged in the success of the bank than before you instituted collaborative educational programs.

Remember to bring in professional help as focused as you are on improving your credit risk education and culture by using a methodical approach and practical training. Doing so will make your investment in this collaboration most profitable.

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