

ABA Stonier Graduate School of Banking

Capstone

*Kelly's Krewe - Succession Planning Today, For
Successful Management Tomorrow*

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Branch Banking and Trust Company (BB&T)

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Table of Contents

Executive Summary.....	3
Introduction/Background.....	7
History of BB&T.....	7
Geography.....	9
Mission, Vision, and Values.....	9
Awards and Commendations.....	11
Strategy/Implementation.....	12
Project Overview.....	12
Program Roles/Responsibilities.....	14
Program Details.....	16
Implementation Schedule.....	19
Financial Impact.....	23
Overview of Expenses.....	23
Expense Projections/Calculations.....	25
Risk Discussion.....	30
Recommendation.....	34
Non-Financial Impact.....	35
Logistical and Organizational Hurdles.....	35
Overcoming Hurdles.....	36
Measuring Success.....	37
Identifying and Analyzing Impacts.....	41
Conclusion.....	43
Bibliography.....	47

Executive Summary

The investment being considered is the creation of more meaningful associate commitment to BB&T, their jobs, teams, and manager via a defined internal succession planning and associate retention program. It is imperative that BB&T creates a clearer succession plan and development of higher levels of professional and personal fulfillment. In order for BB&T to have a clear vision for the future of senior and executive management, increased associate retention and engagement are imperative. BB&T will recruit and identify specific, high potential associates and provide the tools and career development necessary to maximize the organic talent within the organization, and promote from within.

It is crucial that BB&T crafts a more formal program to not only identify high potential associates, but also create a trackable trajectory and playbook for success. In an organization with more than 39,000 associates, it is hard to attract, coach, reinforce, retain, and grow the future leaders of tomorrow without a formal program in place to first identify them, and provide the mentoring necessary to ensure the transfer of organizational culture, values, and institutional knowledge at the highest possible level.

Kelly's Krewe is a formal program in which high potential associates are identified and placed in the program as Apprentices. Mentoring will provide a structured support mechanism to help accelerate career development by fostering the transfer of knowledge between more seasoned associates with a track record of success and high potential associates. Apprentices will be identified through multiple channels including but not limited to management nomination, consistent, results-based performance, and self-identification and self-nomination through a formal, rigorous application process that will require management approval prior to submission.

The selection committee consists of the Chief Executive Officer, the Chief Operating Officer, BB&T's Talent Manager, and a member of BB&T's Talent Development team. There will be a defined diversity plan

with respect to the associates participating in Kelly's Krewe. The diversity plan will include at least a 70% Male / 30% Female mix and no less than one minority. The BB&T Talent Team in Winston-Salem, North Carolina is responsible for the overseeing of Kelly's Krewe.

Kelly's Krewe is a five-year program beginning in January, concluding five-years later. It is expected that the Apprentices meet face-to-face or over the phone on a monthly basis with members of senior leadership and executive management with the preferred method being face-to-face. It is highly suggested that meetings take place away from the workplace in order to create and build trust independent of the company's hierarchy.

There will not be any more than 50 associates in Kelly's Krewe at any one time. Associates will be admitted into Kelly's Krewe at a rate of 10 associates per year. Each new class of 10 associates will begin their five-year commitment to Kelly's Krewe starting on January 2nd of each year. Each five-year commitment will end on December 31st of the fifth-year. Associates will graduate and be hosted by Kelly King for a celebratory dinner at his personal residence following the conclusion of their fifth-year.

Participation during the five-year program is to remain strictly confidential. Associates will also receive a one-time Restricted Stock Unit award at the conclusion of the program in the amount of 2,000 shares with a vesting period of five years. Associates will also receive a minimum salary increase of 10% and will be presented to the Board of Directors for a title promotion to Senior Vice President if they do not already hold said title.

A requirement during the program will be a submission to the Chairman and CEO's Innovation Award. Every Apprentice participating in Kelly's Krewe must submit a substantive and meaningful proposal in year-three of the program. The project encourages associates to actively seek improvements in the execution of their job and where feasible the compliance function of assigned Lines of Business (LOBs) through innovative thought and action.

Given the sheer size of BB&T's organization and its subsidiaries, a higher success rate with this program will ultimately be achieved through a piloted rollout. By piloting Kelly's Krewe in a particular division of the Bank in year one, the testing of concepts and logistics will be able to take place in order to ensure the necessary efficiencies and synergies are created before rolling out the program bank wide.

The fundamental underlying premise for this program is to help BB&T reduce the significant costs to replacing high-potential employees and be able to promote organic talent from within the organization rather than have to attract talent externally. Based on the minimum and stressed financial impact the Kelly's Krewe program stands to impose on the company's financial wherewithal, there is evidence to support the enactment of this program as a piloted rollout in the Community Bank Division. If during the pilot, the program proves to be both financially and logistically feasible, a recommendation should be made for a full corporate rollout among all applicable divisions. The minimum financial impact (one Apprentice) for five years is estimated to total \$295,871.35, while the stressed financial impact (one Apprentice) for five years is estimated to total \$386,191.76. It is estimated that the cost to replace high-potential employees is \$813,726, which supports to the aforementioned recommendation.

While it is believed the Kelly's Krewe program will be an overwhelming success, there remains the possibility that logistical and organization hurdles will occur during the implementation of the project. Dissention amongst the ranks, scheduling and gaining the full-attention of senior and executive leadership, and the increased workload and capacity in the BB&T Talent Development group are just a few of the many challenges that could arise with the rollout of this program. However, as with any new program or corporate-wide initiative, advanced planning and potential problem mitigation are essential to sustaining the short and long-term success of any program in a company as large as BB&T.

While there are always risks that accompany any new corporate program or rollout, the inherent risks of having a strategic, well-defined succession plan are minimal for most organizations. The Kelly's Krewe

program is actually a way to help mitigate the risk of having a poorly constructed succession plan, and helps pave the way for future leaders while giving analysts and investors a transparent roadmap for the future of the organization.

As would occur with the rollout of any new program or corporate-wide initiative, advanced planning and potential problem mitigation are essential to sustaining the short and long-term success of any program in a company as large as BB&T.

The benefits of Kelly's Krewe will transcend more than just that of the Apprentices, it will help reduce turnover for BB&T by increasing associate morale and motivation. It will improve communication within the organization, which will create further support for strategic initiatives. More effective career management and development within BB&T will ultimately inspire a broader pool of leadership capabilities, while providing impartial advice and confidence building for the Apprentices. They will be given access to top management to discuss ideas, improve business development opportunities, gain future career advice and advocacy, and be exposed to ongoing and consistent professional support.

When an organization has a clear understanding of the traits, characteristics, and sensibilities of its future leaders and succession plan, it will allow for more focused and strategic decisions to be made in the present.

Kelly's Krewe - Succession Planning Today, For Successful Management Tomorrow

Introduction/Background

Alpheus Branch established a small mercantile business called Branch and Company. Through his business and community involvement, he came to know Thomas Jefferson Hadley, a Wilson county North Carolina native who was trying to organize the first system of public schools. They joined forces in 1872 to create a banking institution people could believe in, Branch and Hadley.

As private bankers, Branch and Hadley accepted time deposits, paid interest and loaned money to help rebuild the farms and small businesses in the community. With a place to borrow money at reasonable interest to buy seed and fertilizer, area farmers planted their fields in cotton and in the early 1880s, experimented with a new money crop, tobacco.

In 1887, Branch bought Hadley's interest in the bank for \$81,000 and changed its name to Branch and Company, Bankers.

Alpheus Branch died Jan. 3, 1893. The bank continued to grow in the years that followed. In 1900, Branch and Company, Bankers, was sold to Branch Banking and Company, holder of the state charter. On Dec. 20, 1902, the bank opened a savings department, paying four percent interest compounded quarterly.

Prior to 1900, virtually no trust business was conducted in North Carolina by institutions. The 1889 state charter authorized the bank to organize a trust department, but changes in the law delayed implementation until 1907, when Branch Banking and Company became the first bank in the state to engage actively in trust activities.

The new century saw expanding opportunities for BB&T. In 1913, the charter was amended to change the name to Branch Banking and Trust Company.

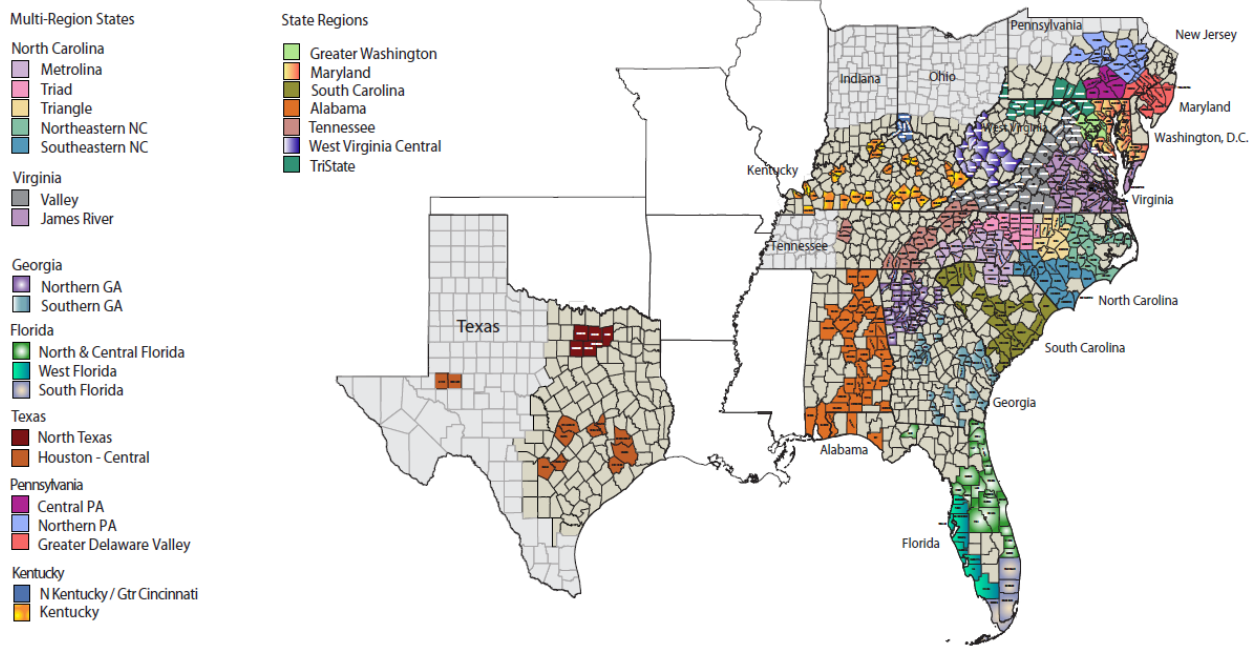
With the stock market crash of 1929, banks that had invested heavily in stocks began to fail. From January 1930 to January 1932, 131 state banks in North Carolina failed. By Dec. 30, 1931, the other seven

banks in Wilson had closed. At BB&T, many customers withdrew funds to deposit at the Post Office in Postal Savings, the only apparent safe investment. What they didn't know was that postal officials took that same money and deposited it in BB&T. While public confidence in banks had disintegrated, the government's faith in BB&T had not.

Since this time, BB&T has expanded its dominance in the Carolinas and has grown rapidly with acquisitions in Virginia, Maryland, and Washington, D.C. and then in Georgia, West Virginia, Kentucky, Tennessee, Florida, Pennsylvania, and New Jersey.

Kelly King, who became CEO on January 1, 2009, has guided BB&T through the most challenging time for the country and industry since the Great Depression. During a period when 400 banks went bankrupt or were acquired, BB&T remained profitable every quarter by largely avoiding subprime mortgages and other exotic loans and risky investments. As such, BB&T has emerged as one of America's strongest banks.

Today BB&T is one of the largest financial services holding companies in the U.S. with \$222.7 billion in assets and market capitalization of approximately \$39.1 billion as of June 30, 2018. Building on a long tradition of excellence in community banking, BB&T offers a wide range of financial services including retail and commercial banking, investments, insurance, wealth management, asset management, mortgage, corporate banking, capital markets and specialized lending. Based in Winston-Salem, N.C., BB&T operates more than 1,900 financial centers in 15 states and Washington, D.C. and is consistently recognized for outstanding client service by Greenwich Associates for small business and middle market banking. BB&T is on the threshold of its next chapter, with an unwavering commitment to the vision, mission, and values that have served it so well.



At BB&T, we have two powerful passions: our vision and our mission. These passions drive our focus and energy, and our top achievers do all they can every day to fulfill our vision and mission. Our mission is a worthy one – we perform honorable work. We provide the capital and counsel that foster business investment and economic growth, which creates jobs. We help individuals realize their dreams. All of this is accomplished through sharing knowledge, providing insight and delivering on a strong value proposition. And when we are successful, all our constituents benefit.

BB&T’s vision is to create the best financial institution possible: “The best of the best.” In order to do that, BB&T stays committed to its mission of making the world a better place to live, by:

- Helping our clients achieve economic success and financial security;
- Creating a place where our associates can learn, grow and be fulfilled in their work;
- Making the communities in which we work better places to be; and thereby:
- Optimizing the long-term return to our shareholders, while providing a safe and sound investment.

We accomplish our mission through leadership. Our leadership model is very clear. We understand to create the desired results, people must behave in a manner that creates those results. More importantly, we understand for individuals to exhibit the appropriate behaviors, they need the right beliefs. Thus, beliefs drive behaviors, which create results. While instilling the appropriate beliefs is the primary role of leaders, providing positive reinforcement supports desired behavioral change. At BB&T, we believe leadership development is critical to the fulfillment of our mission.

BB&T Leadership Model



At BB&T, 10 core values represent our overarching beliefs. Values provide the context for how we make decisions and operate our business. Values enable us, as individuals, to live, be successful and achieve happiness, and they also enable us to achieve our mission and corporate purpose. Our 10 values are consistent with one another and integrated into a sound framework of character, judgment, success and happiness. To fully act on one of these values, you must also act consistently with the other values. Our focus on values grows from our belief that ideas matter and an individual's character is of critical significance.



BB&T has been recognized by our clients for quality service, and by external audiences for excellence in performance. These are some of the most recent awards and commendations earned by BB&T.

- Forbes named BB&T one of the 2018 Best Banks in America.
- BB&T was named on the FORTUNE “World’s Most Admired Companies®” list in the superregional bank category in 2018.
- BB&T received 24 Greenwich Excellence Awards in Small Business and Middle Market Banking from Greenwich Associates for our overall satisfaction and outstanding client service in 2017. Greenwich Associates provides global market intelligence and advisory services to the financial services industry.
- BB&T Corporation’s debt ratings are: S&P A, Moody’s A1, Fitch A+; BB&T Corporation’s deposit rating: Moody’s Aa1.¹

¹ © 2018, Branch Banking and Trust Company. Member FDIC. All Rights Reserved., <https://www.bbt.com/> (Accessed August 25, 2018).

Strategy/Implementation

The investment being considered is the creation of more meaningful associate commitment to BB&T, their jobs, teams, and manager via a defined internal succession planning and associate retention program. It is imperative that BB&T creates a clearer succession plan and development of higher levels of professional and personal fulfillment. In order for BB&T to have a clear vision for the future of senior and executive management, increased associate retention and engagement are imperative. BB&T will recruit and identify specific, high potential associates and provide the tools and career development necessary to maximize the organic talent within the organization, and promote from within. While BB&T prides itself on a longstanding Leadership Development Program designed as a post-undergraduate management training program, the development and implementation of a formal senior and executive management level succession program is necessary. This program will require the participation and commitment of the current executive management team, as well as other members of senior leadership within the organization. This program will be a multi-year commitment that will require travel, shadowing, mentoring, on-the-job training, and significant coaching opportunities.

It is crucial that BB&T crafts a more formal program to not only identify high potential associates, but also create a trackable trajectory and playbook for success. In an organization with more than 39,000 associates, it is hard to attract, coach, reinforce, retain, and grow the future leaders of tomorrow without a formal program in place to first identify them, and provide the mentoring necessary to ensure the transfer of organizational culture, values, and institutional knowledge at the highest possible level.

High potential associates will be identified through multiple channels including but not limited to management nomination, consistent, results-based performance, and self-identification and self-nomination through a formal, rigorous application process that will require management approval prior to submission. For

those associates opting for the self-nomination channel, there will also be a formal outline and checklist in order to establish defined benchmarks needed to be considered at the highest level.

In order to best describe and appreciate the strategic implementation of this succession planning program, one must have a better understanding of how members of BB&T's current executive management team rose internally to their positions. A common theme that is easily discernable amongst BB&T's executives is the overwhelming commitment to the company. The Leadership Development Program (formally the Management Development Program) has and continues to be the foundation for BB&T's leaders. This program has produced all of BB&T's current Executive Management members. It remains an important pillar in BB&T's leadership model, but with fierce competition for top talent growing every day, it can no longer be the only offering of formal succession and career growth within the company. BB&T strives for organic growth and promotion, which is evidenced by the tenure of its leaders. The company must continue to be vigilant in finding new ways to highlight and promote the successes and potential of its top associates in order to preserve the continuity of future management.

With such a long, rich history founded and rooted in the southeastern United States, BB&T not only takes pride in paying homage to that heritage, but also the legacy of its current CEO, Kelly King. This proposed succession planning program is meant to develop and celebrate the future leaders of the company, and therefore, the program will be designed as such. The formal name of this program will be Kelly's Krewe. A krewe is an organization or association that stages a parade or other event for a carnival celebration. Krewes are associated especially with Mardi Gras in New Orleans, Louisiana² and Mobile, Alabama. The associates of the program will be known as Apprentices; yet another way to distinguish the worthy associates, while also honoring BB&T's CEO, Kelly King.

² Stuart Berg Flexner, *New Oxford American Dictionary* Third Edition 2010

Kelly's Krewe is a formal program in which high potential associates are identified and placed in the program as Apprentices. Mentoring will provide a structured support mechanism to help accelerate career development by fostering the transfer of knowledge between more seasoned associates with a track record of success and high potential associates. Kelly's Krewe is a five-year program beginning in January, concluding five-years later. It is expected that the Apprentices meet face-to-face or over the phone on a monthly basis with members of senior leadership and executive management with the preferred method being face-to-face. It is highly suggested that meetings take place away from the workplace in order to create and build trust independent of the company's hierarchy. Options for meeting could include: breakfast, lunch, or dinner, a sporting event, an overnight retreat, or a variety of other social functions to be left to the discretion of the Apprentice and the mentor for that visit. Frequent check-ins are especially important. With today's technology there are several forms of communication open to use, including Skype, telephone, email and WebEx. These communication mediums should be used in the absence of a face-to-face meeting.

As a mentor in Kelly's Krewe, one will find that his or her role will often serve as a leader as well as a mentor. Management should strive to be as committed and available as possible. They should be prepared to share knowledge and experience, while listening without judgement. Giving encouragement and providing emotional support, while maintaining a positive relationship with the Apprentices' direct manager is imperative. Management should be decided and constructive in their feedback. They should also stand ready to identify opportunities that Apprentices would benefit from experiencing such as: presentations, special projects, book discussions, shadowing, and civic/community events.



77%

More likely to stay in a job if they are in a mentoring relationship
(Emerging Workforce study by Spherion, 2012)



85%

Executives rated engagement as an important or very important priority for their business.
(Deloitte's 2016 Human Capital Trends Report)



66%

Percentage through mentoring that the "average engagement capital" increases
(Corporate Leadership Council, 2011)

345

Apprentices should be prepared to meet with the following members of senior and executive management during the five-year program: Chairman and Chief Executive Officer, Chief Information Officer, Chief Digital Officer, President of Retail Banking, Chief Operating Officer, Chief Risk Officer, Chief Financial Officer, Deposit Services Manager, Chief Client Experience Officer, Chief Credit Officer, President of Community Banking, Secretary and Chief Corporate Governance Officer, and President & CEO of BB&T Securities, LLC. Apprentices will also be responsible for meeting with each Community Banking Group Executive, no less than five Community Banking Regional Presidents (at least two Regional Presidents from each Pier Group), and no less than five members of Commercial Credit Administration (members of CCA must be a Senior Loan Administrator or higher level).

A requirement during the program will be a submission to the Chairman and CEO's Innovation Award. Every Apprentice participating in Kelly's Krewe must submit a substantive and meaningful proposal in year-three of the program. The project encourages associates to actively seek improvements in the execution of their job and where feasible the compliance function of assigned Lines of Business (LOBs) through innovative

³ "Emerging Workforce Study" *Spherion* 2012

⁴ "Human Capital Trends Report" *Deloitte* 2016

⁵ "Corporate Leadership Council" *Branch Banking and Trust Company* 2011

thought and action. The primary purpose of this program is to reward innovation within functional areas, thus allowing associates to use their creativity to enhance the processes, products, and services they know best. However, many of BB&T's processes are cross-functional in nature. Innovation projects in these areas will clearly require LOB input, approval, and coordination to be fully evaluated, tested, and implemented. Communication and collaboration with the LOB is important and highly encouraged.

There will not be any more than 50 associates in Kelly's Krewe at any one time. Associates will be admitted into Kelly's Krewe at a rate of 10 associates per year. Each new class of 10 associates will begin their five-year commitment to Kelly's Krewe starting on January 2nd of each year. Each five-year commitment will end on December 31st of the fifth-year. Associates will graduate and be hosted by Kelly King for a celebratory dinner at his personal residence following the conclusion of their fifth-year. They will be given a diamond lapel signifying their graduation from the program. At this time, and only this time, will their participation in the program be known to any associate of the company outside of senior and executive management. Participation during the five-year program is to remain strictly confidential. Associates will also receive a one-time Restricted Stock Unit award at the conclusion of the program in the amount of 2,000 shares with a vesting period of five years. Associates will also receive a minimum salary increase of 10% and will be presented to the Board of Directors for a title promotion to Senior Vice President if they do not already hold said title. Nominations of associates by Regional Presidents, as well as self-nominations are due to Kelly's Krewe's selection committee by August 31st of the calendar year prior to the start of the associates first year as a member of Kelly's Krewe. The selection committee consists of the Chief Executive Officer, the Chief Operating Officer, BB&T's Talent Manager, and a member of BB&T's Talent Development team. Regional Presidents may nominate no more than two associates per year, notwithstanding that they are not required to nominate anyone in a given year. Nominations by Regional Presidents will automatically reach the final selection pool each year. Self-nominations will be vetted by the Talent Manager and member of Talent Development prior to reaching the final selection pool each year. Despite the method of nomination, all

potential associates must be a Job Grade 20 or higher to be considered. Any associate having been nominated by three different Regional Presidents in a seven-year period will automatically be admitted into the program in the upcoming year should they apply. While there are no parameters for a Regional President's nomination other than minimum Job Grade, self-nomination requires the following criteria to be met prior to application: any combination of two of the following: BB&T Leadership Development graduate or Graduate Banking School graduate (BB&T Banking School, ABA Stonier Graduate School of Banking, LSU Graduate School of Banking, Graduate School of Banking at Colorado, Graduate Banking School at Wisconsin, or SW Graduate School of Banking) or Master of Business Administration. Two letters of recommendation and endorsement from members of senior leadership are also required for self-nominated candidates. A self-nominated candidate can increase their chances of selection if they have been a Sterling Award recipient in multiple quarters or an annual "Best of the Best" Sterling Award recipient in the last five years. There will be a defined diversity plan with respect to the associates participating in Kelly's Krewe. The diversity plan will include at least a 70% Male / 30% Female mix and no less than one minority. The BB&T Talent Team in Winston-Salem, North Carolina is responsible for the overseeing of Kelly's Krewe. BB&T's Talent Manager reports to the Human Systems Division Manager. The Human Systems Division Manager reports to the Secretary and Chief Corporate Governance Officer. The Secretary and Chief Corporate Governance Officer reports to the Chief Operating Officer. The Chief Operating Officer reports to the Chairman and Chief Executive Officer. The BB&T Talent Team will work directly with each Apprentice to arrange meetings with each required mentor in Kelly's Krewe. The Apprentices will not be responsible for contacting each member of executive management or their administrative assistants. The BB&T Talent Team will coordinate all meetings between the Apprentices and executive management team members. However, each Apprentice will be responsible for coordinating their required meetings with members of senior leadership. The BB&T Talent Team will aid in this process as well. All corporate travel will be booked via Cytric, Direct Travel, and Aladdin Travel in accordance with BB&T's policy and procedure for corporate travel arrangements.

Given the sheer size of BB&T's organization and its subsidiaries, a higher success rate with this program will ultimately be achieved through a piloted rollout. By piloting Kelly's Krewe in a particular division of the Bank in year one, the testing of concepts and logistics will be able to take place in order to ensure the necessary efficiencies and synergies are created before rolling out the program bank wide. The Community Banking Division of BB&T will be the chosen pilot division. This division of BB&T is led by the President of Community Banking. Senior Leadership members of this division include the Community Banking Group Executives, as well as Regional Presidents. The prospective Apprentice candidates in the Community Banking Division during the pilot include but are not limited to: Market Presidents, Market President Producers, Business Services Officer Team Leaders, Business Services Officers, Commercial Credit Leaders, Portfolio Manager Team Leaders, Portfolio Managers, Regional Corporate Banking Managers, Regional Corporate Bankers, Commercial Real Estate Managers, Commercial Real Estate Business Services Officers, Residential Construction Specialist Business Services Officers, Small Business Leaders, and Small Business Specialist Team Leaders. The Community Banking Division of BB&T is considered organization-wide, as the incubator for the future leaders of the company. By engaging this division in the piloted rollout, the Apprentices will have an opportunity to help shape the future of the program and make strategic recommendations on best practices that will ultimately be the foundation of the program in future years. While the nomination and selection process will follow the aforementioned guidelines, applicants and nominees can expect that this maiden group of Apprentices will be vetted at the highest possible level for competitiveness.

Implementation Schedule

Initial Roll-Out Schedule (2021 Community Bank Pilot)

- **Tuesday, March 3, 2020** – BB&T Talent Development Team to present outline and plan to BB&T Talent Manager, Human Systems Division Manager, and Compensation Manager.
- **Monday, March 23, 2020** – BB&T Talent Development Team and Talent Manager to present and seek program approval from Executive Management members including: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and President of Community Banking.
- **Tuesday, April 28, 2020** – BB&T Talent Development Team to complete the development and creation of forms, processes, and procedures to be used by senior management and Apprentices.
- **Thursday, May 28, 2020** – BB&T Talent Development Team to submit forms, processes, and procedures to BB&T Corporate Compliance for policy and regulatory approval.
- **Thursday, August 27, 2020** – BB&T Talent Development Team to present Kelly's Krewe program at monthly Regional President's meeting in Winston-Salem, NC in order to gain buy-in and understanding from the Regional Presidents, Senior Leadership Team, and Executive Management.
- **Wednesday, October 7, 2020** – President of Community Banking to present Kelly's Krewe to the Community Bank on the quarterly, bank-wide commercial update call.
- **Thursday, October 8, 2020** – BB&T Talent Development Team to send out an informational PowerPoint presentation bank-wide with the details of the program and upcoming milestones and deadlines.
- **Wednesday, November 11, 2020** – Chairman and Chief Executive Officer, Kelly S. King, will present the Kelly's Krewe program at Investor Day to investors and analysts at the BB&T Leadership Institute in Greensboro, NC.

Year-To-Year Schedule

- **July 1st** (or first business day following the 1st if this date falls on a weekend) – Nomination packets will be distributed to Regional Presidents and their Administrative Assistants.
 - Regional Presidents may nominate no more than two associates per year, notwithstanding that they are not required to nominate anyone in a given year.
 - Nominations by Regional Presidents will automatically reach the final selection pool each year.
 - All potential associates must be a Job Grade 20 or higher to be considered.
- **July 31st** (or first business day following the 31st if this date falls on a weekend) – The BB&T Talent Team will review the current and upcoming diversity plan for Kelly’s Krewe.
 - The diversity plan will include at least a 70% Male / 30% Female mix and no less than one minority.
- **August 1st** (or first business day following the 1st if this date falls on a weekend) – The self-nomination portal will be available on BB&T’s internal network homepage, Insite.
 - Access to the portal can be reached by visiting the Insite homepage > Career Development > Career Opportunities > BB&T Talent Management > Kelly’s Krewe homepage
 - Self-nominations will be vetted by the Talent Manager and member of Talent Development prior to reaching the final selection pool each year.
 - All potential associates must be a Job Grade 20 or higher to be considered.
 - The following criteria to be met prior to application: any combination of two of the following: BB&T Leadership Development graduate or Graduate Banking School graduate (BB&T Banking School, ABA Stonier Graduate School of Banking, LSU Graduate School of Banking, Graduate School of Banking at Colorado, Graduate Banking School at Wisconsin, or SW Graduate School of Banking) or Master of Business Administration.

- Two letters of recommendation and endorsement from members of senior leadership are also required for self-nominated candidates.
- A self-nominated candidate can increase their chances of selection if they have been a Sterling Award recipient in multiple quarters or an annual “Best of the Best” Sterling Award recipient in the last five years.
- **August 31st** (or first business day following the 31st if this date falls on a weekend) – Nominations of associates by Regional Presidents, as well as self-nominations are due to Kelly’s Krewe’s selection committee.
 - Selection committee comprised of Chief Executive Officer, the Chief Operating Officer, BB&T’s Talent Manager, and a member of BB&T’s Talent Development Team.
- **October 31st** (or first business day following the 31st if this date falls on a weekend) – Selection process is completed and Apprentices are notified of the selections or declinations by a member of the BB&T Talent Team.
 - Selected Apprentices will receive an onboarding package via interoffice mail in the weeks to come, which outlines the aforementioned details of the program, expectations, and suggested five-year schedule.
- **November 30th** (or first business day following the 30th if this date falls on a weekend) – The BB&T Talent Team will coordinate all meetings between the Apprentices and executive management team members’ Administrative Assistants for the following calendar year.
- **December 31st** (or first business day following the 31st if this date falls on a weekend) – Each five-year commitment will conclude.
- **January 2nd** – Each new class of 10 associates will begin their five-year commitment to Kelly’s Krewe.
- **Second Thursday of January** – Associates will graduate and be hosted by Kelly King for a celebratory dinner at his personal residence following the conclusion of their fifth-year.

- **March 31st** (or first business day following the 31st if this date falls on a weekend) – For graduates of the program only: Initiation by BB&T Human Systems Department of one-time Restricted Stock Unit awards in the amount of 2,000 shares with a vesting period of five years. Also at this time, Apprentices will also receive a minimum salary increase of 10% and will be presented to the Board of Directors for a title promotion to Senior Vice President if they do not already hold said title.
- **April 30th** (or first business day following the 30th if this date falls on a weekend) – Required project submission to the Chairman and CEO’s Innovation Award by each Apprentice in the third-year.

Financial Impact

While the upfront cost of designing Kelly's Krewe is not nearly as substantial as developing or implementing a new commercial loan system or opening a series of De Novo branches, the size and type of investment are going to be geared more towards Travel and Entertainment, as well as a sizable allocation of human capital hours and commitment. The success of Kelly's Krewe is largely predicated on the ability of senior and executive level management to commit the time and resources necessary to mentor and develop deeper personal and business relationships with associates within BB&T that have been identified as future leaders.

The purpose of Kelly's Krewe is to provide a structured support mechanism to help accelerate career development by fostering the transfer of knowledge between more seasoned associates with a track record of success and high potential associates. In order to maximize the relationship potential, it is highly suggested that meetings take place away from the workplace in order to create and build trust independent of the company's hierarchy. Therefore, Travel and Entertainment are going to play a sizeable role in the overall financial impact of this program. With a physical footprint stretching from the home office in Winston-Salem, North Carolina, out to Texas and down to Florida, up to Pennsylvania and Delaware, and out to Tennessee and Kentucky, the travel expense associated with this program is going to be vigorous.

Apprentices are going to be based in offices all over the Bank's geographic footprint and will be using airfare, mileage reimbursement, lodging, meals per diem, rental cars, fuel, and a bevy of other travel-related line items to fulfill their obligations to the program. Senior and executive level management members will also be using some, if not all, of the aforementioned line items to also include security detail, corporate aircraft fuel, maintenance, and pilot hours for the fleet of corporate aircrafts. The face-to-face meeting function of this program is what BB&T believes makes it far more discernable than other succession planning programs of

its type. Meeting options include the standard practices of breakfast, lunch, and dinner, but activities such as sporting events, concerts (theatrical or musical), overnight retreats, golfing or hunting, mission trips, philanthropic initiatives, and a variety of other social functions are all encouraged under the program.

All corporate travel will be booked via Cytric, Direct Travel, and Aladdin Travel in accordance with BB&T's policy and procedure for corporate travel arrangements. Fortunately, these systems, policies, and procedures are already in place bank wide and will not require any further investment on the part of BB&T.

The other largest financial component involved with this program is the time value of human capital commitment of senior and executive leadership, administrative assistants, Apprentices, BB&T's Talent Team, and Human Systems Division. While there will not be any additional systematic enhancements related to the Kelly's Krewe program, the hours spent by the Apprentices and mentors away from client-facing, revenue generating tasks represent a considerable financial impact to the organization. The level of involvement and commitment related to this program by all of the highest compensated associates at the organization will be extensively analyzed. It is vital to ensure the viability and degree of value being added to the succession of future leadership is being achieved at the highest possible multiple.

This expense analysis is based on a 12-month snapshot of 10 Apprentices in the Kelly's Krewe program. This 12-month snapshot will analyze the costs associated with 10 Apprentices entering and exiting the program during that year. This analysis can then be extrapolated over a five-year period, which will incorporate all 50 Apprentices that will be entering and exiting the program on a rolling basis. It should be noted that any costs in this snapshot analysis associated with an Apprentice exiting the program will not be applicable until the end of the first five-year cycle. The exiting costs associated with an Apprentice will be in perpetuity once the end of the first five-year cycle is complete.

Fixed line items associated with the program graduation include but are not limited to the following:

- 10 diamond lapels signifying graduation from the program (valued at $\$2,250 \times 10$ per lapel) – Total = $\$22,500$
- 11 attendees for the celebratory graduation dinner hosted by Kelly King at his personal residence. 10 course prix fixe menu, libations, and setup to be provided by Spring House – Restaurant, Kitchen & Bar located at 450 N. Spring Street, Winston-Salem, North Carolina 27101 (valued at $\$325 \times 10$ per attendee) – Total = $\$3,575$
- One-time Restricted Stock Unit award at the conclusion of the program in the amount of 20,000 shares or 2,000 shares per Apprentice with a vesting period of five years ($\$50.78 \times 20,000$ opening stock price as of November 12, 2018) – Total = shares valued at $\$1,015,600$
 - Best case scenario based on 52w Low of $\$45.73$ – Total = $\$914,600$
 - Worst case scenario based on 52w High of $\$56.31$ – Total = $\$1,126,200$
- Apprentices will also receive a minimum salary increase of 10% at the conclusion of the program. Apprentices are required to hold a minimum Job Grade of 20 to be accepted into the program. Job Grades above a 24 are already included as a member of BB&T's senior leadership group and would not be eligible for the Kelly's Krewe program. BB&T has four geographic codes representing an adjustment for cost of living (Blue, Green, Yellow, and Red). In order to provide a quantifiable estimate as to the cost of the annual minimum salary increase for graduating Apprentices, the average of the salary midpoints of a Job Grade 22 for both Green and Yellow geographic codes was equated at $\$167,630$ (average estimated total salary for 10 Apprentices $\$1,676,300 \times 10\%$) – Total = $\$167,630$

The following costs are an estimate of the Travel and Entertainment associated with the program including but not limited to:

- Each Apprentice is expected to meet with all 13 executive management members, two Group Executives, at least five different Regional Presidents, and at least five different members of credit administration.
 - Travel to meet all 25 of the aforementioned parties will include some combination of the following: airfare, mileage reimbursement, lodging, meals per diem, rental cars, and fuel. Notwithstanding that each Apprentice’s travel requirements will be different; an estimate of \$525 per meeting is being allocated as a reasonable estimate (25*\$525*10 Apprentices) – Total = \$131,250
 - Entertainment associated with meeting all 25 of the aforementioned parties will include some combination of the following: breakfast, lunch, dinner, sporting events, concerts, retreats, golfing, hunting, mission trips, or philanthropic initiatives. Notwithstanding that each Apprentice’s entertainment will be different; an estimate of \$325 per meeting is being allocated as a reasonable estimate (25*\$325*10 Apprentices) – Total = \$81,250
- The aforementioned calculations represent the minimum requirements necessary to complete the program; however, the intent of the program is to develop and foster deeper, more meaningful relationships between members of senior and executive leadership and the Apprentices. Therefore, a scenario where 37.5 meetings take place over the five-year period is preferred which equates to the following:
 - Notwithstanding that each Apprentice’s travel requirements will be different; an estimate of \$525 per meeting is being allocated as a reasonable estimate (37.5*\$525*10 Apprentices) – Total = \$196,875
 - Notwithstanding that each Apprentice’s entertainment will be different; an estimate of \$325 per meeting is being allocated as a reasonable estimate (37.5*\$325*10 Apprentices) – Total = \$121,875

- The preferred method of face-to-face meeting is via Apprentices traveling to the locations of the various senior and executive leadership members in an effort to gain on the job experiences in various pockets of the Bank; however, while infrequent, there will be times that a mentor travels to see an Apprentice. Due to the infrequency of this occurrence, a placeholder of \$10,000 will be allocated for this line item.
 - For executive management consideration only. A placeholder of \$100,000 will be allocated for security detail, corporate aircraft fuel, maintenance, and pilot hours for the fleet of corporate aircrafts. The frequency of this occurrence will be left up to the discretion of the executive management member in question.

The following are an estimate of the time value of human capital commitment associated with the program including but not limited to:

- Using the aforementioned calculation of \$167,630 as the current estimated average salary of an Apprentice based on the average of the salary midpoints of a Job Grade 22 for both Green and Yellow geographic codes, an Apprentice makes an estimated \$665.20 per day based on a 252 working day calendar.
 - The minimum time value of human capital of 10 associates meeting all 25 senior and executive leadership members is calculated by the following equation based on the assumption that a full working day will be used in the facilitation of said meeting.

$$(10 * 25 * \$665.20) - \text{Total} = \$166,300$$
 representing the direct salary cost.
 - The aforementioned calculations represent the minimum requirements necessary to complete the program; however, the intent of the program is to develop and foster deeper, more meaningful relationships between members of senior and executive leadership and the Apprentices. Therefore, a scenario where 37.5 meetings take place

over the five-year period is preferred which equates to the following equation.

$(10 \times 37.5 \times \$665.20) - \text{Total} = \$249,450$ representing the direct salary cost.

- While not all Apprentices will be in direct revenue generating job functions, a conservative estimate of \$2,250 per Apprentice, per day can be estimated as the expected loss in projected net revenue to the Bank. The figure \$2,250 is derived from the average net revenue expectation of associates with a Job Grade between 20 to 24 in a revenue generating job function. If Apprentices are not in direct revenue generating job functions, they more than likely support another associate who is responsible for revenue generation and thereby creating an intrinsic loss of net revenue when not in seat.
 - The minimum time value of lost net revenue is calculated based on 10 associates meeting all 25 senior and executive leadership members. $(10 \times 25 \times \$2,250) - \text{Total} = \$562,500$ representing the estimated net revenue loss.
 - The aforementioned calculations represent the minimum requirements necessary to complete the program; however, the intent of the program is to develop and foster deeper, more meaningful relationships between members of senior and executive leadership and the Apprentices. Therefore, a scenario where 37.5 meetings take place over the five-year period is preferred which equates to the following equation.
 $(10 \times 37.5 \times \$2,250) - \text{Total} = \$843,750$ representing the estimated net revenue loss.
- In order to calculate the estimated time value of human capital commitment associated with senior and executive leadership, CEO, Kelly King's 2017 base salary only of \$1,075,000 and the average of the salary midpoints of a Job Grade 25 for both Green and Yellow geographic codes of \$223,115.50 was averaged to derive an estimated salary of \$649,057.75 for the 25 required face-to-face meetings.

- Using the aforementioned calculation of \$649,057.75 as the current estimated average salary of a member of senior or executive leadership, each member makes an estimated \$2,575.63 per day based on a 252 working day calendar.
 - The minimum time value of human capital of 10 associates meeting all 25 senior and executive leadership members is calculated by the following equation based on the assumption that a full working day will be used in the facilitation of said meeting. $(10 * 25 * \$2,575.63) - \text{Total} = \$643,907.50$ representing the direct salary cost.
 - The aforementioned calculations represent the minimum requirements necessary to complete the program; however, the intent of the program is to develop and foster deeper, more meaningful relationships between members of senior and executive leadership and the Apprentices. Therefore, a scenario where 37.5 meetings take place over the five-year period is preferred which equates to the following equation. $(10 * 37.5 * \$2,575.63) - \text{Total} = \$965,861.25$ representing the direct salary cost.

While not being recognized as a major expense category, there is time and resources associated with the planning and coordination of the Kelly's Krewe program. Administrative assistants, BB&T's Talent Team, and the Human Systems Division will all play a key role in the long-term success of the program. For that reason, a placeholder for one FTE with a salary midpoint of \$54,526 (Job Grade of 11) in Winston-Salem, North Carolina, a Green geographic code, will be allocated to the program's budget. **See Appendix A:**

While there are always risks that accompany any new corporate program or rollout, the inherent risks of having a strategic, well-defined succession plan are minimal for most organizations. The Kelly's Krewe program is actually a way to help mitigate the risk of having a poorly constructed succession plan, and helps pave the way for future leaders while giving analysts and investors a transparent roadmap for the future of the organization. The need for succession planning and the risks associated with being unprepared were clear in the same-day deaths of two aging chief executive officers - industry icons in railroading and banking - showing why some investors and governance experts want companies to disclose more about succession plans of their leaders. CSX Corp.'s Hunter Harrison, 73, died just one day after news of his medical leave pushed the railroad's shares down the most in six years. M&T Bank Corp. said Robert Wilmers passed away "suddenly and unexpectedly" at age 83 - just months after the death of his own heir apparent.⁶ These are just a few of the examples outlining the risks associated with poor succession planning.

Related to Kelly's Krewe exclusively, potential risks include but are not limited to: long-term travel and engagement fatigue by the Apprentices and members of senior and executive leadership, travel dangers and weather related phenomenon associated with increased travel, rising fuel or travel costs, steady or large increases in BB&T's stock price related to the value of the Restricted Stock Units awarded to graduates, associate happiness and retention during or after the conclusion of the program related to the cost of each Apprentice's participation in the program, and attrition of associates not accepted or admitted into the program.

With no further corporate infrastructure being needed, the barriers to entry for Kelly's Krewe into the organization structure of BB&T are limited. The program is designed to empower each of the Apprentices to customize and tailor the program to meet their own schedules. Although each Apprentice will have a resource in BB&T's Talent Group, the open framework of the program allows each Apprentice to work autonomously

⁶ Jeff Green, "Investors demand to know more about CEO succession plans," Financial Review – News Website of the Year, December 20, 2017

with members of senior and executive leadership to forge the relationships and meet the requirements necessary to graduate from the program. The Apprentices have been identified to be the highest potential associates within the Bank. While there will be some workflow and revenue generation disruption, the Bank views the Apprentices to have greater than normal bandwidth to operate successfully in their job function, as well as making a meaningful impact as a member of Kelly's Krewe.

It is clear from the aforementioned research that the investment in a formal and rigorous succession planning program is a worthwhile venture for BB&T. The fundamental underlying premise for this program is to help BB&T reduce the significant costs to replacing high-potential employees and be able to promote organic talent from within the organization rather than have to attract talent externally.

According to Christina Merhar, a columnist for People Keep:

For businesses to thrive in today's economy, finding and retaining the best employees is important. – Frequent voluntary turnover has a negative impact on employee morale, productivity, and company revenue. Recruiting and training a new employee requires staff time and money. Some studies predict that every time a business replaces a salaried employee, it costs 6 to 9 months' salary on average. For a manager making \$40,000 a year, that's \$20,000 to \$30,000 in recruiting and training expenses. But others predict the cost is even more—that losing a salaried employee can cost as much as twice their annual salary, especially for a high-earner or executive-level employee. What makes it so hard to predict the true cost of employee turnover is there are many intangible, and often untracked, costs associated with employee turnover.⁷

⁷ Christina Herhar, "Employee Retention – The Real Cost of Losing an Employee," PeopleKeep.com, February 4, 2016

Turnover seems to be vary by wage and role of employee. The Center for American Progress published a study in which they found:

Jobs that are very complex and that require higher levels of education and specialized training tend to have even higher turnover costs.⁸ In one study, economist Eileen Appelbaum and sociologist Ruth Milkman find that executive positions, which are well-compensated and likely have stringent educational credential requirements, have higher turnover costs than jobs with low educational requirements.⁹ Very highly paid jobs and those at the senior or executive levels tend to have disproportionately high turnover costs as a percentage of salary (up to 213 percent), which skews the data upwards.¹⁰

In a recent article on employee retention, Josh Bersin of Bersin by Deloitte outlined factors a business should consider in calculating the "real" cost of losing an employee. These factors include:

- The cost of hiring a new employee including the advertising, interviewing, screening, and hiring.
- Cost of onboarding a new person, including training and management time.
- Lost productivity—it may take a new employee one to two years to reach the productivity of an existing person.
- Lost engagement—other employees who see high turnover tend to disengage and lose productivity.
- Customer service and errors—for example new employees take longer and are often less adept at solving problems.

⁸ J. Bruce Tracey and Timothy R. Hinkin, "Contextual Factors and Cost Profiles Associated with Employee Turnover," *Cornell Hospitality Quarterly* 49 (1) (2008): 12–27.

⁹ Eileen Appelbaum and Ruth Milkman, "Achieving a Workable Balance: New Jersey Employers' Experiences Managing Employee Leaves and Turnover" (New Brunswick, New Jersey: Center for Women and Work, 2006).

¹⁰ Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," CAP Study, November 16, 2012

- Training cost—for example, over two to three years, a business likely invests 10 to 20 percent of an employee's salary or more in training.
- Cultural impact—whenever someone leaves, others take time to ask why.

One of the reasons the real cost of employee turnover is an unknown is that most companies don't have systems in place to track exit costs, recruiting, interviewing, hiring, orientation and training, lost productivity, potential customer dissatisfaction, reduced or lost business, administrative costs, lost expertise, etc. This takes collaboration among departments (HR, Finance, and Operations), ways to measure these costs, and reporting mechanisms.¹¹

Estimated Costs to Replacing High-Potential Employees

Advertising, interviewing, screening, and hiring	\$40,000
Onboarding including training and management time	\$48,000
Lost productivity	\$567,000
Lost engagement	\$50,000
Customer service and errors	\$25,200
Training costs	\$33,526
Cultural impact	\$50,000
TOTAL	\$813,726

The estimated costs to replacing high-potential employees can be found in the aforementioned chart. Advertising, interviewing, screening, and hiring are estimated with a placeholder of \$40,000. Onboarding, including training and management time is estimated at \$48,000, or the Bank's value placed on the 10-month Leadership Development Program training. Lost productivity is estimated at \$567,000, or \$2,250 times 252 working days in a calendar year, which is the average net revenue expectation of associates with a Job Grade between 20 to 24 in a revenue generating job function. Lost engagement is estimated at \$50,000, or \$10,000 per day times an estimated five days of which it is believed other employees who see high turnover tend to disengage and lose productivity. Customer service and errors are estimated at \$25,200, or \$100 per day times

¹¹ Josh Bersin, "Employee Retention Now a Big Issue: Why the Tide has Turned," Bersin by Deloitte, August 16, 2013

252 working days in a calendar year. Training costs are estimated at \$33,526, or 20% of \$167,630, which represents the current estimated average salary of an Apprentice based on the average of the salary midpoints of a Job Grade 22 for both Green and Yellow geographic codes. Finally, cultural impact is estimated at \$50,000, or \$10,000 per day times an estimated five days of which it is believed other associates will spend time away from their job function in the first week asking questions pertaining to an associate's departure from the company. In total, \$813,726 is estimated to be the cost to replacing high-potential employees in the first year.

Based on the minimum and stressed financial impact the Kelly's Krewe program stands to impose on the company's financial wherewithal, there is evidence to support the enactment of this program as a piloted rollout in the Community Bank Division. If during the pilot, the program proves to be both financially and logistically feasible, a recommendation should be made for a full corporate rollout among all applicable divisions.

Non-Financial Impact

While it is believed the Kelly's Krewe program will be an overwhelming success, there remains the possibility that logistical and organization hurdles will occur during the implementation of the project. The first, and most likely challenge, will be dissent amongst the ranks. While the Kelly's Krewe program does have the self-nomination component, admittance into the program is going to be ultra-competitive at only 10 associates per year. The competitive nature of the nomination process is inevitably going to leave some associates on the outside looking in. The perceived feeling of being left out could potentially cause those associates not admitted into the program to incur feelings of dissatisfaction, disengagement, and ultimately alienation.

Another challenge that will likely occur during implementation is the scheduling and full-attention of senior and executive leadership. As one can imagine, the calendars of members of the c-suite are very demanding. Time is the most valuable asset at the executive management level, and this program is going to require a needed addition to the allocation of that time. Senior leadership will ultimately be more accessible than executive management, but the sentiment around scheduling allocation and buy-in remains the same. A commitment to the Kelly's Krewe program is not only required from the standpoint of scheduling, but also the ongoing mentoring of the Apprentices as they navigate through the organization over time.

There will inevitably be a list of challenges realized and unrealized; however, one final hurdle to identify in advance is the increased workload and capacity in the BB&T Talent Development group. As it stands currently, BB&T's Talent Management Team is responsible for a bevy of initiatives including but not limited to: the Leadership Development Program, BB&T Banking School at Wake Forest, the BB&T Leadership Institute, and now Kelly's Krewe. While Kelly's Krewe was designed to empower the Apprentices and Mentors to customize their own mentoring sessions, the BB&T Talent Management Team will still have a sizeable role in

the day-to-day workings of the Kelly's Krewe program. Therefore, it can be assumed that resource allocation and capacity could become an area that requires ongoing review and attention.

As would occur with the rollout of any new program or corporate-wide initiative, advanced planning and potential problem mitigation are essential to sustaining the short and long-term success of any program in a company as large as BB&T.

In order to help mitigate the challenges associated with dissention amongst associates that are not admitted into the program, full and complete transparency into the self-nomination process will be key. Often times, lack of transparency at any level leads to a loss of trust and creates undue feelings of angst and anxiety. Ensuring that associates have a defined roadmap as to how to make themselves the most competitive candidate they can be will be, while also ensuring associates have a comprehensive understanding of the self-nomination process will help alleviate some of the tension around gaining admittance into the program.

The challenges associated with engagement and buy-in from senior and executive leadership can most effectively be mitigated by gaining their support as early in the process as possible. Providing management as much information as available, while presenting it in a clear and concise, value-added way will be crucial for the BB&T Talent Development Team. When presenting to executive management, first impressions are vital. The program's mission to identify, attract, retain, and grow the future leaders of the organization must be abundantly apparent to members of management if the need to have their continued support is going to be achieved.

Potential insufficiencies in resources and capacity at the BB&T Talent Development level are going to be difficult to measure until after the conclusion of the pilot in the Community Banking Division. While it is anticipated that the current FTE levels will be more than sufficient to carry the additional workload associated

with the Kelly's Krewe program, having quantifiable evidence from the pilot program will be a more conclusive indicator of the capacity needed to achieve the desired results Kelly's Krewe is seeking. In the event it is decided that additional FTE capacity is needed, BB&T's Talent Manager will work with the Human Systems Division on a more appropriate FTE gearing ratio for the Talent Development group in order to meet the increased capacity needed to fulfill all the obligations of the BB&T Talent Development Team.

In order to evaluate the non-financial impact of the Kelly's Krewe program, mentors and Apprentices will be responsible for providing formal ongoing feedback and surveys on the different aspects of the program. This type of formalized tracking will allow the BB&T Talent Development Team to identify any potential gaps or areas of improvement in the program.

So as to not make the feedback process feel or appear to the mentors or Apprentices as a burden, concise, anonymous Survey Monkey surveys will be distributed to mentors and Apprentices via email throughout the year. These surveys will be short and easy to complete, while also maintaining the anonymous integrity of the submission. One could expect a survey to take no longer than 2 minutes to complete, and will be easily accessible via BB&T's mobile, internal app on iPhone or Android.

These surveys will be a leading indicator of the perceived success of the program, while also allowing the Talent Development Team to evaluate the non-financial impacts of the program. Despite whether an associate is or is not admitted into the Kelly's Krewe program, all associates that have been nominated or have self-nominated will be given the opportunity to fill out a survey related to the nomination process as a whole.

In addition to the feedback and survey process, BB&T's Talent Manager will attend one Regional President's meeting per year to make a formal presentation to the group, and also solicit candid feedback via a Q&A session with the Regional Presidents and members of senior and executive leadership present at the

meeting. This will allow for open and honest feedback at a senior level separate from the anonymity of the surveys.

The benefits of Kelly's Krewe will transcend more than just that of the Apprentices, it will help reduce turnover for BB&T by increasing associate morale and motivation. It will improve communication within the organization, which will create further support for strategic initiatives. More effective career management and development within BB&T will ultimately inspire a broader pool of leadership capabilities, while providing impartial advice and confidence building for the Apprentices. They will be given access to top management to discuss ideas, improve business development opportunities, gain future career advice and advocacy, and be exposed to ongoing and consistent professional support. Uniquely, Kelly's Krewe is also an opportunity for the mentors to stop and reflect on business, and to see the world through different eyes. Senior and executive leadership will continue to develop their own leadership skills, while gaining additional recognition and respect within the company. Management will be contributing something to others in the organization by passing on experience and wisdom to less experienced colleagues. They will be responsible for influencing and building the leaders of tomorrow. They must, therefore exhibit strong leadership skills at all times.

BB&T is widely regarded in the market for having a strong commitment to its organizational culture and values which have served the organization for nearly 147 years. The ability of an organization of this size to organically grow and manufacture the talent of future senior and executive level leadership from within is essential to preserving the long-term commitment to said culture and values.

When an organization has a clear understanding of the traits, characteristics, and sensibilities of its future leaders and succession plan, it will allow for more focused and strategic decisions to be made in the present.

In the ever changing world of commercial and retail banking, there is one question that has withstood the test of time and has been asked by executives for decades: “Who is our client of tomorrow?” The importance of this question cannot be overlooked, as it often shapes the framework of an entire organization. Marketing strategies, mobile applications, branch décor, product development, and branding are just a few of the many focuses that shape the way banks strive to appeal to what they view as their future clients. But there is another vital question that is often overlooked and in many cases can be the brainchild for connecting with who is perceived to be the next generation of clients in the banking industry. It is a question so commonly unheeded by banks, which if ignored for too long could ultimately lead to the downfall of an organization: “Who is our banker of tomorrow?”

It is no secret there is a growing generational gap in the traditional financial services industry. Once noble and highly sought after positions, financial advisors, insurance agents, commercial bankers, and the like are often going unnoticed by recent college graduates. Instead, the young talent in this country is flocking to the new, sexy opportunities in private equity, consulting, and investment banking sector. The hours are longer, the stress is higher, the pace is faster, but the signing bonuses are bigger, and the lifestyle is that of what many people see in the movies such as *Wolf of Wall Street*. But if all this bright, young talent has their sights set on these opportunities even before the ink on their diploma is dry, how do the traditional commercial banks of yesteryear develop a succession plan and ensure relevance and longevity well into the future? It is questions such as this that BB&T hopes to find answers to through the development and implementation of the Kelly’s Krewe program.

Vault.com, a popular website used by professionals and students alike to gain insider knowledge and industry intelligence about many of the hundreds of top internship programs and thousands of the top employers in the country, has published countless expositions on the topic of talent acquisition, retention, and

succession planning within the banking industry. In an article from 2016 titled, 'Why Millennials Refuse to Work for Big Banks,' author Derek Loosvelt had this to say when asked to comment on the topic:

That is, they're [talent] not even giving a career on Wall Street the old college try. They know early on, before they even get to college, that a job in finance is no longer what it once was, that it's no longer looked at being all that prestigious, that it's no longer looked at as being all that admirable, that it's no longer where young people can gain the best learning experiences that set them up for long and prosperous and challenging careers.¹²

Derek went on to say:

Banking is no longer the most prestigious industry to work in. Which isn't necessarily a bad thing. It just means banks have to tweak their recruiting efforts a bit.

And, last but certainly not least, there's the most important fact of all: the bottom line. That is, big banks have to swallow the fact that no matter how hard one of their employees works, no matter how many hours they put in, no matter whom they land as a client, they will never, ever be able to make Zuckerberg money while on their payroll.¹³

In a recent coaching session with a member of BB&T's executive management team, an associate was asked their opinion about the recent rollout of the new person-to-person mobile payment application, Zelle. Zelle is widely-regarded in the industry as being the most viable and attractive new alternative to the most popular P2P payment app, Venmo. The associate's response, admittedly a bit out of context, both surprised and intrigued this particular executive:

¹² Derek Loosvelt, "Why Millennials Refuse to Work for Big Banks," Vault.com, April 11, 2016

¹³ Derek Loosvelt, "Why Millennials Refuse to Work for Big Banks," Vault.com, April 11, 2016

“The Bank [BB&T] has been vocal in the marketplace about its commitment to the advancement of our presence in the digital space and appealing to the clients of the future. Zelle is a perfect example of how adopting new cutting edge products can continue to ensure our relevance with the ever changing desires of the millennial generation. However, is executive management thinking about who is going to be here to deliver these new cutting edge messages and products to our next generation of clients? Zelle may be the product, but who is the Bank’s Zelle?”

The executive looked at the associate with an inquisitive stare. The associate went on to exclaim:

“I am your Zelle. I am your banker, your leader of the future. I am the next generation of leadership in an industry with a median average age that has been increasing for more than 3 decades.”

The executive nodded his head in approval and proceeded to engage the associate in a conversation about the age divide that is quickly beginning to plague the banking industry. It was in this conversation that the associate realized, BB&T is on the verge, like many of its peers, of falling victim to the fate that so many other industries have in recent years: a lack of vision, planning, and early adoption for the future of its leadership. As future leaders of BB&T, it is important for high potential associates to have the fortitude to bring these looming deficiencies to light and ensure that BB&T is not just prepared for the client of the future, but the banker and leaders of the future as well.

This program will not only have sweeping positive impacts to the structure and morale of BB&T internally, it will also contribute considerably to BB&T’s vision to create the best financial institution possible: “The best of the best.” Kelly’s Krewe vehemently displays BB&T’s commitment to its mission of making the world a better place to live, by building a strong, structured support system which will help its leaders on their

mission to help clients achieve economic success and financial security. Kelly's Krewe also furthers the Bank's mission to create a place where associates can learn, grow and be fulfilled in their work. When a company has the right people in the right leadership positions, making the communities in which they work better places to be becomes a way of life, rather than just an ideal in a corporate mission statement. Ultimately, the success of Kelly's Krewe and BB&T's focus on defined succession planning will play a vital role in optimizing the long-term return to its shareholders, while providing a safe and sound investment.

Mentoring is one of the most effective ways to grow and retain high potential talent and promote their leadership development within a company. It is also an effective tool for sustaining an organization's culture and strengthening both associate morale and engagement. The main goals of Kelly's Krewe are to create higher associate commitment to BB&T, their jobs, and teams. Higher levels of retention and engagement will inevitably lead to increases in professionalism and personal fulfillment. As an individual's career develops, morale and motivation will be magnified, which will aid in the development of refined leadership capabilities. Development of cross-organizational networks will not only aid in teamwork, but it will improve associate's professional standards and ultimately help with the transference of corporate goals and objectives.



Conclusion

The investment being considered is the creation of more meaningful associate commitment to BB&T, their jobs, teams, and manager via a defined internal succession planning and associate retention program. It is crucial that BB&T crafts a more formal program to not only identify high potential associates, but also create a trackable trajectory and playbook for success.

Kelly's Krewe is a formal program in which high potential associates are identified and placed in the program as Apprentices. Mentoring will provide a structured support mechanism to help accelerate career development by fostering the transfer of knowledge between more seasoned associates with a track record of success and high potential associates.

While it is believed the Kelly's Krewe program will be an overwhelming success, there remains the possibility that logistical and organization hurdles will occur during the implementation of the project. Dissention amongst the ranks, scheduling and gaining the full-attention of senior and executive leadership, and the increased workload and capacity in the BB&T Talent Development group are just a few of the many challenges that could arise with the rollout of this program. However, as with any new program or corporate-wide initiative, advanced planning and potential problem mitigation are essential to sustaining the short and long-term success of any program in a company as large as BB&T.

The benefits of Kelly's Krewe will transcend more than just that of the Apprentices, it will help reduce turnover for BB&T by increasing associate morale and motivation. It will improve communication within the organization, which will create further support for strategic initiatives. More effective career management and development within BB&T will ultimately inspire a broader pool of leadership capabilities, while providing impartial advice and confidence building for the Apprentices.

Based on the minimum and stressed financial impact the Kelly's Krewe program stands to impose on the company's financial wherewithal, there is evidence to support the enactment of this program as a piloted rollout in the Community Bank Division. If during the pilot, the program proves to be both financially and logistically feasible, a recommendation should be made for a full corporate rollout among all applicable divisions.

When an organization has a clear understanding of the traits, characteristics, and sensibilities of its future leaders and succession plan, it will allow for more focused and strategic decisions to be made in the present.

Kelly's Krewe - Succession Planning Today, For Successful Management Tomorrow

Appendix A:

Minimum Financial Impact (one Apprentice) for five years:

Diamond lapel	\$2,250
Graduation dinner	\$325
Restricted Stock Units (as of 11/12/2018)	\$101,560
Salary increase	\$16,763
Travel	\$13,125
Entertainment	\$8,125
Mentor travel	\$1,000
Executive Management travel	\$10,000
Salary paid	\$16,630
Lost revenue	\$56,250
Salary paid to management	\$64,390.75
Administrative salary	\$5,452.60
TOTAL	\$295,871.35

Stressed Financial Impact (one Apprentice) for five years:

Diamond lapel	\$2,250
Graduation dinner	\$325
Restricted Stock Units	\$112,620
Salary increase	\$16,763
Travel	\$19,688
Entertainment	\$12,188
Mentor travel	\$1,000
Executive Management travel	\$10,000
Salary paid	\$24,945
Lost revenue	\$84,375
Salary paid to management	\$96,586.16
Administrative salary	\$5,452.60
TOTAL	\$386,191.76

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