

McKinsey Accelerate Practice

# **‘An environment where everybody can thrive’: A conversation with U.S. Bank’s Tim Welsh**

The vice chairman for consumer and business banking at the fifth-largest bank in the United States describes how setting an environment of mission, purpose, and individual generosity is central to building capabilities that achieve strategic outcomes.



**Tim Welsh** is vice chairman of consumer and business banking at U.S. Bank, the fifth-largest bank in the United States, with more than 70,000 employees—30,000 of them under his watch. McKinsey's Kweilin Ellingrud recently sat down with him to talk about investing in human capabilities—a strategic priority for the bank—and the importance of executives serving as role models for learners. An edited transcript of their conversation follows.

**McKinsey:** *Time must be a precious commodity for someone managing 30,000 people in a large business. Why do you devote so much of it to capability building?*

**Tim Welsh:** Because it's mission critical. It's tempting for leaders to imagine they can achieve their business objectives by simply setting the strategic direction and guiding people that way. But in a world that is rapidly changing, you can only keep moving in the right direction if people's skills and capabilities evolve simultaneously. It's as essential as any tool a company has for achieving its strategy. Companies know that an app, for example, needs constant upgrading—that every month you've got to have new features. So why would you think that you can attain your business strategy without making simultaneous investments in your people, their capabilities, and their development? Human capabilities need to progress at the same rate as technology, such as artificial intelligence or robotics.

If we have colleagues who are building a set of skills that adapt to the external environment and a continually evolving strategy, then we'll achieve the strategy at the same time as we ensure that colleagues feel they are growing. Certainly other organizational pieces are critical. But if you don't get the capability building right, you can't get the strategy right.

**McKinsey:** *What has been your approach to developing a capability-building program?*

**Tim Welsh:** We started with a clear understanding of what U.S. Bank was trying to accomplish from a learning-and-development perspective. We're trying to create an environment where

each and every person can thrive—where they feel they are at the top of their game, being their best self. For this to happen, certain things need to be in place. We need to instill a mindset rooted in our mission, which is wanting our people to invest their hearts and minds to power human potential. This is what will make us central to our customers' lives. It's important for people to feel part of something bigger, that is of service to somebody else. We also need people to feel psychologically safe, that they are trusted, and that they trust the people around them, which allows them to bring their whole self to work and be exactly who they are, without fear. And we want to emphasize generosity—a willingness to be supportive of others, to be generous to our customers.

That's the mindset we strive to build. It's in this sort of environment that people start to want to get better at the specific skills required for their jobs, knowing that they can make mistakes because that is part of the learning process. They want to continually learn and grow. It's also an environment where they can learn to be more effective leaders. Our task is to help people develop the core skills that will help them thrive in this way.

I think it's important that every organization has some similar sort of framework that guides its learning-and-development activities. It's not a learning-and-development framework, it's one that helps everybody thrive. And there are lots of different permutations and variations on how to achieve that.

**McKinsey:** *What are some of the skills needed in banking that you have been building among employees?*

**Tim Welsh:** In a bank, it can be very tempting to focus on skills aligned with product sales. Don't get me wrong. You need to be deeply knowledgeable about products and services. But if you want to power human potential by becoming central to customers' lives, you also need to be a great listener in order to develop human connections, for example, and to be proactive—to reach out when you have an idea that could benefit somebody else. Just knowing about checking accounts won't do.

One of the best ways to build a connection with someone is to sit with them and have a conversation. It seems fairly elementary. But traditionally, a customer would come into a branch, be greeted, make a transaction, then leave. We're changing that by encouraging customers to schedule a visit to our bank branches, just like they'd schedule an appointment with a doctor or solicitor. We'd been setting these up before the pandemic arrived, but in the months since we've scheduled many more in our branches, with COVID-19 precautions in place, as more colleagues have learned to call up the

customer and say: "Would you like to come in? I have some things that we can talk about." And customers love it.

We've also discovered in the midst of the pandemic, when people were stuck at home, that many didn't know how to use our digital tools. They were worried that they had a check they couldn't cash, as they didn't know how to use our mobile check-deposit feature, for example. So we invested in a technology that allows us to go online and show the customer exactly how to use the tool, which is secure



## Timothy A. Welsh

### ***Vital statistics***

Born January 4, 1966, in  
Washington, DC, USA

### ***Education***

MBA, Business Administration, Harvard  
Business School

BA, Social Studies, Harvard University

Our Lady of Good Counsel High School,  
Olney, Maryland

### ***Career highlights***

#### **U.S. Bancorp**

Vice Chairman, Consumer and  
Business Banking  
(2019–Present)

Vice Chairman, Consumer Banking Sales  
and Support  
(2017–2019)

#### **McKinsey & Company**

Partner  
(1988–2017)

### ***Fast facts***

Founder of the Itasca Project, an initiative of business, government, and not-for-profit leaders who work to improve the quality of life in Minneapolis and St. Paul.

2016 winner of the Life of Distinction Award from Catholic Charities of St. Paul and Minneapolis.

September 23, 2006, was designated "Tim Welsh Day" in Minneapolis in recognition of his contributions to the community.

Board member of the GHR Foundation, the Minnesota Orchestra, the Minneapolis Institute of Art, and the Greater Twin Cities United Way. He is also a board member of Allina Health, a nonprofit healthcare system, and Memphis Meats, a start-up.

and protects privacy. We're doing that tens of thousands of times a month now because of the focus on building relationships and being empathetic. That's what encourages appointment scheduling and co-browsing, which are the skills we've been helping our bankers build in the last several months.

**McKinsey:** *How has COVID-19 affected your learning programs?*

**Tim Welsh:** We'd been building some capabilities in a process we call field and forum; you learn some things in the classroom, that's the forum, and then you go and practice with colleagues and with customers in the field. Then it's back to the forum for more learning. It's an iterative approach and a very effective way of building skills. But the pandemic has changed all that. Prior to the crisis, we'd planned a fantastic in-person learning program, supplemented by some digital elements. I couldn't have been more excited about it. And then, boom! By the middle of March, it all had to go digital. And though it is not the same as in-person sessions, it's proving remarkably effective. In fact, the crisis has forced people to learn more quickly.

So overall, I would say the pandemic has taught us that a lot more can be done digitally. But it's critical to keep in mind that the goal is to create an environment where every person can thrive, learning and growing together and supporting one another. And that depends upon mission and purpose, generosity, psychological safety, the absence of fear, and so on—a lot of which can only be established by working together. So the pandemic will hopefully remind us that the time that we do share together is truly precious, perhaps more precious than we had realized, and that it should be focused on those things that we can only do when together.

**McKinsey:** *How do you foster that kind of learning culture?*

**Tim Welsh:** You set an understanding. People need to understand why learning matters. We're not doing this for the sake of learning, although that can be a good thing. We're doing it because

the external environment is evolving, our customers' expectations are rising, and we have to respond strategically. People also need to understand the role U.S. Bank is trying to play, which comes down to understanding our purpose and mission. They can then put the two together: if the world is changing and I aspire to power human potential by investing my heart and mind, then I've got to keep learning.

There's definitely a practical element, too. We need to try to help people prioritize many different activities. They've got customers coming in the door. They have appointments they're trying to schedule. They've got learning programs to do. That's a lot. So we're trying to help people understand how they can get everything done in a way that doesn't feel overwhelming. But I would say that, overall, the role of senior executives is absolutely pivotal in building a learning culture.

I talk about why learning matters all the time, in virtually every forum. And I describe my own personal learning journey, my own strengths, the challenges I have faced. I encourage others to do the same. I also take courses. And I go through our plans for courses. I view this like any other part of my job. I wouldn't invest millions of dollars in a digital platform I didn't understand. And I don't invest my people's time in a learning journey that I don't understand. I spend a lot of time refining and tweaking the plans to make sure they are consistent with the strategy. HR plays a key role. But it cannot drive this. It is a senior-executive activity, and we need to be role models.

**McKinsey:** *Can you give examples of that?*

**Tim Welsh:** All of us need to participate in learning programs. Learning's not just for others. So we all take courses and help design them, which is very powerful. You become much more connected as a senior team. You develop an understanding of what it's going to take to help lead people through this. Because learning new things is hard, right? It can feel unnatural. And you also develop a sense of humility. Because you realize that maybe you're not so good at some of these things. And, gosh, some of them make you uncomfortable because we only

**“It is tempting to say, ‘I made an investment; I’d like to see the financial return.’ But it doesn’t work like that. Any assessment of impact needs to bear in mind that capability building never ends.”**

learn when we’re a bit uncomfortable. One very seasoned senior executive stood up in a big meeting of 150 people and announced he had spent the weekend on a course on analytics because he didn’t know much about it and wanted to learn. That sent a huge radiating signal to others to act similarly.

Another example: to help people become more effective leaders, we’ve instituted the concept of strength-based development at the bank, encouraging people to understand and consciously use and build their strengths to be their best selves. It’s important for all of us to know who we are, and important for us as leaders to understand the strengths of the people around us. So the first time I got my new team together 18 months ago, we spent the first full day talking about just two things: the results of the “strength finder” tests we had taken, and occasions when we felt we were our best selves. Then, just before the crisis, at a meeting of 800 people, I introduced my entire team by talking about what was special about each person, what I saw as their best selves. And you know what happened after that? People started repeating what they’d heard, realizing why someone was special. Imagine how extraordinary it would be if we could get some 30,000 people across the consumer and business bank thinking about their best selves and how they could help everybody else be at their best as often as possible. We would have people doing things they didn’t think were possible.

**McKinsey:** *Where’s the proof that investing in capability building is paying off?*

**Tim Welsh:** It is tempting to say, “I made an investment; I’d like to see the financial return.” But it doesn’t work like that. Any assessment of impact needs to bear in mind that capability building never ends. It is an ongoing task. So you have to look for markers along the way that make you feel comfortable you’re moving in the right direction. That might be how many people are taking courses, or how many appointments are being made. When I see a tenfold rise in the number of appointments being made, I realize we’re on to something. Because the customers clearly like what our bankers are doing. We are becoming more central to their lives.

I also listen to stories—about the customers who cry with relief when they discover they don’t have to risk their health by coming into one of our branches to cash a check, or about bankers who say how good they feel knowing they are empowered to be a thought partner to customers. When I hear stories like that, I know we’re getting an emotional connection. I hear people saying, “I didn’t think we could do that, but we did.” For me, those stories are a key indicator that we’re creating an environment where everybody can thrive.

The likelihood is that these markers will point to more tangible measures: sales, deposit growth, loan-balance growth. We can see a link. But it’s important to remember that it is a correlation, not necessarily causation. And you need to be comfortable with that. Ultimately, if we are really building human relationships and powering



human potential, attrition rates will be the proof of success, as I don't think any customer would ever want to leave us. I also hope we're creating an environment where people are so excited to work at U.S. Bank that they couldn't imagine working anywhere else.

**McKinsey:** *What's next on your agenda?*

**Tim Welsh:** While we've taken lots of steps on our capability-building journey, we also recognize it's still very early days. There is still much to do. That said, when you think about a capability-building journey, the temptation is always to think about what to introduce next. New programs are important. There will be new things to learn about data and

analytics for the foreseeable future, for example. But I think that the new stuff is the subset. The much more important element comprises the things that are constant. We can't focus enough on mission and purpose, on a spirit of generosity, on recognizing everybody's strengths. We need to continuously reinforce these human, enduring elements.

Looked at this way, what comes next is not so much new chapters. It's an evolution of the same chapters. And what goes unrecognized is how rewarding this can be. Work isn't just work. We forget that there's a huge amount of joy that can be created if we all collaborate to create an environment where everybody can thrive. We need to talk about that more often.

**Tim Welsh** is vice chairman, consumer and business banking, at U.S. Bank. **Kweilin Ellingrud** is a senior partner in McKinsey's Minneapolis office.

Designed by McKinsey Global Publishing  
Copyright © 2020 McKinsey & Company. All rights reserved.