

The Heartbeat of Financial Success: Ten Best Practices for Human Capital Management

Established in 1998, Alter Moneta is a middle-market equipment leasing and finance company serving Canadian and U.S. markets. Known for its innovative people practices, the company plans to expand its geographic footprint and more than double its workforce by 2012.

By Sue L. Carrington

For years, economic capital has been the focus of the equipment finance industry. Yet in today's climate of intense competition, lower margins and higher employee turnover, more organizations are realizing that human capital is the heartbeat of financial success. From engaging and retaining top talent to building a culture that supports organizational growth and adaptability, companies that create a work environment where people want to give their all are realizing a sustained competitive advantage.

One organization that has excelled in leveraging people initiatives to spearhead growth is Alter Moneta, a middle-market equipment finance and automotive leasing company with offices in Longueuil and St. Laurent, Quebec, and Buffalo, NY. In a time that has been challenging for most of the industry, Alter Moneta has rapidly grown to be a major North American player. A hallmark of the company's success is its ability to recruit, retain and develop people of the highest caliber. Today, the organization has 110 employees, with the goal of more than doubling its numbers over the next five years to support its planned expansion.

In 1998, when Alain Savard founded Alter Moneta in Canada, he wanted to build a different type of leasing organization — one where people were truly encouraged to think critically and creatively. Formerly CFO of Bombardier Capital, Savard started his new company with a strong entrepreneurial instinct and a distinct vision of a nimble, people-centric organization.

"From the beginning, our focus has been on empowering our people," Savard says. "We strive to bring good people together — and enable them to do the best things for our company and for our customers." Savard credits the company's people practices for its ability to adapt seamlessly to change, which has been ongoing in Alter Moneta's nine-year history. The company successfully navigated the purchase of U.S.-based HSBC in 2003, for example, and a change in shareholder ownership in 2006, when Bear Stearns Merchant Banking purchased National Bank of Canada's shares of the company and assumed a majority shareholder role with the organization.

Mark Lempko, general manager of Alter Moneta's U.S. operations, was the national sales manager of HSBC's equipment finance unit in the U.S. when Alter Moneta purchased the company. Today he leads a team of

more than 40 in the United States and the Province of Ontario. "Merging corporate cultures can be difficult," Lempko notes, "especially when it involves two countries. We successfully merged two disparate cultures because we agreed on two key points: how we serve our customers and how we treat our people."

"The only way to ensure we're delivering on our promise is to 'turn on a dime' in getting our customers what they need. If our reps have to go through a lot of layers before they can make a decision, their ability to deliver promptly is impaired."

— Alain Savard, founder of Alter Moneta

Building a Flat Organization

In an effort to keep its supervisory structure simple, Alter Moneta has created an open-door culture where the most experienced people are always available to the least experienced. It's a practice that ultimately serves the company's customers. "In a time-sensitive business, it's essential to give the power to the people who are closest to the customer," Savard says. "The only way to ensure we're delivering on our promise is to 'turn on a dime' in getting our customers what they need. If our reps have to go through a lot of layers of people before they can make a decision, their ability to deliver promptly is impaired."

Front-line reps may not have credit authority, Savard explains, but they have authority in all other areas, from pricing to terms. Empowering reps to design a deal not only helps the customer; it helps reps feel they're part of the game and deepens their sense of ownership.

"I'm engaged in the day-to-day business of the company, so I see the whole cycle of what we do — from the moment a transaction is created to the moment we release the collateral," Lempko says. "It's a

complex, intertwined puzzle that results in the customer experience, and it's beholden on our management to make sure we know where we're going, share where we're going, and align our people to reach where we're going to ultimately serve our stakeholders."

According to industry veteran Tom Wajnert, Alter Moneta's executive chairman, the company embodies all the advantages of a "flat" organization. "With its limited levels of hierarchy, communication flows freely, enabling those who are delivering on the organization's goals to have direct conversations with the leaders who are setting the goals. You avoid the 'gossip over the backyard fence' syndrome, and people are more likely to feel their point of view is respected and honored."

For Dominic Bolduc, tax director in Alter Moneta's Montreal office since May 2005, flatness means employees can be immersed in many different projects simultaneously — and can problem-solve rapidly. "When I see a problem, I can take it directly to the CFO, knowing my opinion is valued and the turnaround time to resolution will be quick," he says.

For Jim Hess, a business development manager for Alter Moneta's Vendor Finance Group in Buffalo, flatness also yields a key competitive differentiator: innovation. Hess joined the company in March 2006, after 15 years in the finance industry. Recruited at an industry trade show, he was brought on to expand the company's services to vendors. One of the first things that intrigued him about the company was its lack of bureaucracy.

"Alter Moneta is very good at identifying a need, researching it and moving on it," Hess explains. For example, when the company introduced its application-only product, which streamlines credit decisions based solely on the credit application, the solution was available to the market within 60 days. It's a clear reflection of management's forward-thinking approach," he says.

"We all understand the importance of aligning to serve our three groups of stakeholders. If you don't have employees who will go the extra mile, you won't survive. If you don't deliver to your customers and shareholders, you won't survive."

— Alain Savard, founder of Alter Moneta

Hiring for 'The Right Stuff'

In recruiting talent, the company looks for people who will thrive in its unique culture. Who does well at Alter Moneta? Those with a "can-do, will-do spirit," Lempko says. "Persistent. Optimistic. Entrepreneurial. Eager to take on a challenge. And truly team players. I've never seen anyone in the equipment finance industry who can book a deal by themselves."

Wajnert describes Alter Moneta's culture as aggressive, but respectful of each individual. "It's a culture focused on sharing the wealth with those who created it. There's a clear link between the individual's desire to have a meaningful role and the need for the company to have people in meaningful roles," he says.

The company is not reluctant to consider candidates whose primary experience may be from outside the industry. "People from other industries bring a fresh perspective," Savard says. "Also, if someone has left business for other pursuits — say, to travel the world or return to school or volunteer their time to a worthy cause — that person may be a lot more interesting to us than someone who has done everything 'according to plan.'"

And, the company's hiring process? "Extremely careful," Lempko points out. After an initial phone interview, candidates are visited in whatever marketplace they live. "If they pass the test there, we bring them to Buffalo to see how they interact with the team." Candidates meet each department head and observe how the company does business. At the same time, broad interaction helps managers see where a candidate best fits.

Hiring statistics speak to the company's careful selection process. In fourth quarter 2006, for example, in the Buffalo office alone, 40 resumes were screened and 25 phone interviews conducted. Eight candidates visited the Buffalo office, and four offers were extended.

Once employees are on board, Lempko explains, it is the job of leadership to continuously create an environment where they want to give their best. "They can't be forced. If you appeal to their capacities and interests to the point that they're self-motivated, you have far greater leverage."

"Often, businesses recruit good people, but then fail to invest in them," Savard observes. "These employees are either lost to the competition, or lost as they stay in the company. They become average because leadership doesn't do what is needed to bring them to a higher level. We try to give all our people a diverse and stimulating experience from the beginning, putting them on the line to deal with rapidly changing situations. The more they're exposed to, the more they feel they're part of the game, and the more they want to contribute."

Measuring Performance

Employee success at Alter Moneta is measured on three levels: 1.) the quality of credit of the assets originated, 2.) the volume of transactions completed and 3.) the profit made on those transactions. Savard sees his role as a "grand connector." He strives to link the company's three constituent groups — customers, employees and shareholders — and ensure their interests are aligned on these three measures of

Alter Moneta's Ten Best Practices for Human Capital Management

1. Treat your employees as equal stakeholders in the success of the business.
2. Know where you're going as an organization — and communicate it regularly to every stakeholder.
3. Maintain a "flat" organization, with accessible leadership, direct communication and limited layers of decision making.
4. Define your culture and the sort of person who will do best in it — and hire for that.
5. Provide an engaging experience that makes employees want to give 110%.
6. Promote innovation, encouraging critical and creative thinking.
7. Expose employees to the full range of the business, not just their individual jobs.
8. Push beyond what's expected and what's comfortable.
9. Respect and honor the whole person.
10. Catch people "doing something right." Share it and celebrate it.

success. “This way, we measure the performance of everybody in the same systematic way,” Savard explains. “At the same time, we help each employee set their own personal measures for success.”

If all goals are met for the group, everyone — from the receptionist to the CEO — receives a bonus. The percentage of reward differs, depending on level of responsibility, but everyone has a stake. “If you’re a customer service person, you see yourself as more than a title,” Hess says. “You know you’re a stakeholder, and your willingness to provide solutions for the customers’ issues is how they will decide whether or not to do business with our company.”

The stakeholder system is working well for Alter Moneta. In 2006, the company was at 135% in reaching its financial goals for the entire year. Marci Manzella, documentation manager in Alter Moneta’s Buffalo office who supervises a team of six, says the bonus plan goes a long way in securing employee buy-in. “It helps people understand that what they do has a direct impact on business results,” she says.

“Results are presented periodically, and everybody knows where we stand,” Savard says. “We all understand the importance of aligning to serve our three groups of stakeholders. Because if you don’t have employees who will go the extra mile, you won’t survive. If you don’t deliver to your customers and shareholders, you won’t survive.”

To keep his team in Buffalo aligned, Lempko regularly gathers everyone around the “board of business” — a posting of the business completed each day, each month and eventually, the entire year. It serves as a single measuring tool for gauging goals and progress. “That way, we always know where we’re going,” Lempko says. “The push we get out of people at the end of the month is admirable. Everyone knows how fast they need to row when they put their oar in the water!”

Honoring the Whole Person

Successes at Alter Moneta are routinely celebrated. Monthly, the company presents three employee-of-the-month awards. Those honored come from a nominating committee, typically composed of the three employees who won the award the month before. Also, in a single moment of recognition, congratulatory e-mails are circulated whenever someone is “caught doing something right,” Lempko explains.

The philosophy that employees are full “human beings,” not “human doings,” prevails. “We realize people’s lives are more than what’s going on at work,” Lempko says. “How productive they can be at work is certainly affected by their personal lives, so we want them to take care of what they need to outside the office.”

As the company grows, Lempko predicts, it will be challenged to stay true to its people-centric values. “We’ll work hard not to lose our ‘line of sight.’ That means continuing to create an environment where our people know they are cared for and valued — and that even greater achievements await them on the road ahead.” **m**

Sue L. Carrington is a senior writer with Susan Carol Associates, a full-service public relations and branding firm with a special focus on asset finance and equipment leasing. Carrington served as a writing partner for the book, *Destination Profit: Creating People-Profit Opportunities in Your Organization* (Davies-Black Publishing, 2006) — widely hailed as a fresh approach to achieving business excellence.

SINGLE USE ONLY