

A Baldrige Success Story:

Agility and Culture Help Los Alamos National Bank Avert Crisis

*By Pamela Wong*

In the late 2000s, in what has been called the worst financial crisis since the Great Depression, the banking environment radically changed, seemingly overnight. Regulators faced high scrutiny and transferred it to the banks. The quality of assets plummeted. Customers became fearful. According to *The Wall Street Journal,* 165 banks had failed as of March 2011.

Two of three independent banks in New Mexico, each of which had over $1 billion in assets, were among those that failed. The one that remained? Los Alamos National Bank (LANB), a recipient of the 2000 Malcolm Baldrige National Quality Award.

As LANB dealt with the financial collapse, a second wildfire in 11 years forced the bank to evacuate its headquarters and move operations to its Santa Fe branch. Still, “We were well equipped to deal with the [financial] crisis,” says Bill Enloe, CEO, who has been with LANB since 1971. “We realized that the world was different, and we had to make some significant changes to succeed.”

“The efforts we’ve made and the money we’ve spent [on Baldrige] have been returned at least ten times over through our competitive advantages, employee morale, and benefits to our stakeholders.”

Bill Enloe, CEO,

Los Alamos National Bank,

2000 Baldrige Award Recipient

Out of concern for its customers, LANB had never offered subprime lending with low underwriting (one of the causes of the financial crisis), so it didn’t have to deal with that problem.

“We immediately began beefing up our procedures and learned what needed to change, from our strategies to operations, and were able to make those changes because of years of establishing our processes and our relationships with our employees. . . . You can’t be ready for [such a crisis] overnight; you have to have systems and processes in place, and they have to work.”

Today, LANB’s leaders feel that the worst of the crisis is past. LANB is New Mexico’s largest independent bank and has grown since its inception in 1963 to 350 employees and from one location to seven, including a new branch that opened this year in Albuquerque. Some 87 percent of Los Alamos residents use its financial services and, based on deposits, LANB is the largest bank in Santa Fe.

So how was LANB able to survive? Its preparation began in the late 1980s with use of the Baldrige Criteria for Performance Excellence. Bill became a founding board member for Quality New Mexico, the Baldrige-based program that began granting awards in 1994. LANB received the second-level Roadrunner recognition in 1996 and the top-level Zia Award in 1999 before applying for the Baldrige Award the next year.

“Each year we took the feedback from the state examiners, implemented it, and kept growing,” Bill says. “We use [the Criteria] today the same way we always have. When the new Criteria booklet comes out, we look at it and ask the questions. If a new area is applicable to us, we implement it.”

Another of LANB’s most impressive accomplishments is its culture. In addition to demonstrating the ability to deal with major change, the culture emphasizes customer service and workforce engagement. This means, according to the bank’s leaders, empowering employees—helping them become knowledgeable in all aspects of the bank—including the impacts of their decisions, whether customer service, financial, or moral. The leaders’ ability to fulfill their goal to not lay off anyone during the financial crisis and to not reduce salaries or community service further reveals the culture.

“I know for a fact that the efforts we’ve made and the money we’ve spent [on Baldrige] have been returned at least ten times over through our competitive advantages, employee morale, and benefits to our stakeholders,” Bill concludes.

The journey continues.