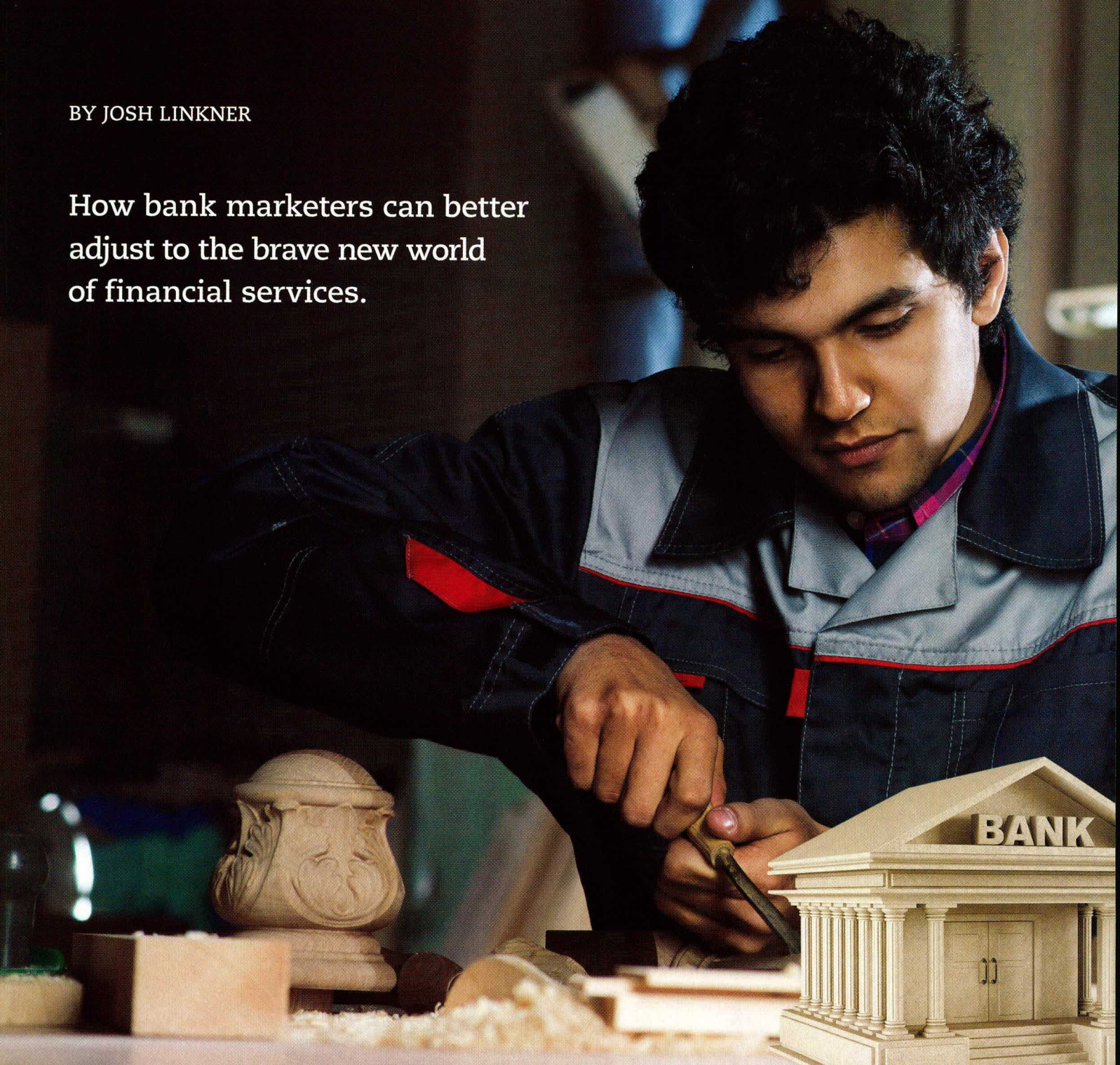



SURVIVING BANK REINVENTION

BY JOSH LINKNER

How bank marketers can better adjust to the brave new world of financial services.





WE LIVE IN A TIME OF BRUTAL
COMPETITION.

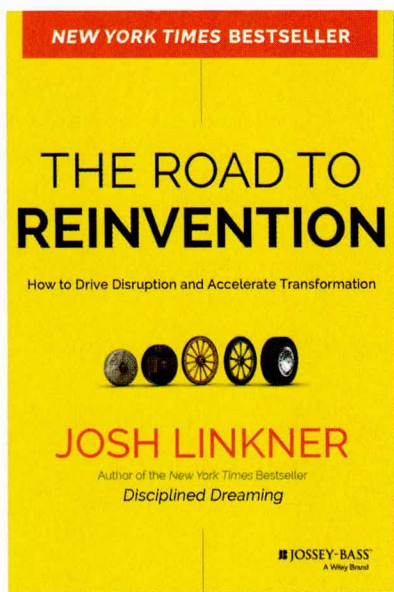
Fickle consumer trends and friction-free markets threaten the existence of many organizations, including financial services institutions.

Nearly every industry is in the midst of massive upheaval, with the old stalwarts falling quickly to the new breed of innovators. Dizzying speed, exponential complexity, and mind-numbing technology advances exacerbate the challenges we face.

With economic threats like these racing toward you, how do you react? Do you stand frozen in place with fear and anxiety? Or do you leap into action, finding a new and better way forward? Renegade leaders choose to upset the status quo long before there's a need to do so. Instead of losing ground, these innovators are accomplishing dramatic growth and spurring tremendous economic gain.

Companies, communities, and individuals fall for many reasons, but one of the most common—and easily avoidable—is the failure to reinvent.

The disruption of ongoing innovation eventually topples any organization that fails to keep moving—to reinvent.



Josh Linkner's latest book.

Those who feel the most secure in the status quo are in fact the most vulnerable. Many organizations, once great, wither and die as a direct result of their deep entrenchment in the past. They discover too late that success isn't about cracking the code once and then enjoying the spoils forever. Instead, it's a moving target that we have to hit again and again. The disruption of ongoing innovation eventually topples any organization that fails to keep moving—to reinvent.

The good news about reinvention is that you don't need magic, genius, good looks, or vaults of cash to transform your bank or career. The required elements are open-mindedness, courage and imagination. Unleashing your imagination is no longer optional. It

will, in fact, become the lifeblood of your success. It's time to embrace your role as chief disruption officer, no matter where you sit on the organization chart. Your bank and your career depend on it.

Myth: Achievement occurs through a gigantic epiphany or an all-at-once breakthrough.

Fact: Most things worth accomplishing involve a persistent stream of small advances that lead to something transformational over time.

Even after making a first leap toward innovative change, many of us get discouraged when we can't reach our goals at Internet speed. We fail to understand that reinvention isn't an event: It's a life-long process.

The process of creative breakthroughs is marked by the same pattern, one that is so often completely misunderstood.

Sure, there are bursting moments of creative insight, but the research shows that most creative breakthroughs come by chipping away at a problem. Too often, people use the words "reinvention" and "turnaround" interchangeably. In fact, these are radically different concepts. Turnarounds are generally reactionary, desperate responses to crushing challenges. Much like a drowning swimmer who will scratch and claw at anything in order to live another day, the goal in a turnaround is simply short-term survival.

Here are eight principles that define the reinvention ethos:

- 1. Let go of the past.** The past is a great teacher, but it's a horrible master. Living in the clutches of the past can shackle your imagination and relegate you to thinking small. Imagine carrying around a backpack full of rocks, each representing some past injustice or setback. You'll never be able to play your best game unless you release the burden of the past and liberate yourself from its heavy load.
- 2. Encourage courage.** You'll never instill the spirit of reinvention in your team by making people afraid to express their ideas. Instead, encourage the people you work with to be bold—confident in their ability to innovate and courageous in their vision. Your whole organization will benefit from their bravery.
- 3. Embrace failure.** "Every bull's eye is the result of 100 misses," the old saying goes. Yet we harshly condemn setbacks or any signal that doesn't indicate immediate success. Failure in fact is an essential part of the discovery process. As a leader, it's critical that you teach your team to consider mistakes and missteps a natural part of the pathway toward reinvention.
- 4. Do the opposite.** Throughout time, some of the biggest breakthroughs have come from innovators implementing a contrarian approach. Leaders who have experienced the pinnacles of success have dared to zig while everyone else zags. Doing the opposite—upending expectations, pushing through boundaries, running toward the thing everyone else is running from—is critical to stand out from the crowd.
- 5. Imagine the possibilities.** Disruptive thinking takes a certain amount of faith. You have to be willing to explore the unknown and imagine outcomes you've never experienced before.

The human brain is hardwired for imagination; in fact, our ability to project possibilities is part of our survival system. From our understanding of the workings of the universe to our knowledge of the microbes on our skin, almost every human advancement began as someone's wild dream. If we waited to see it first, we'd never have civil rights, advanced manufacturing, lifesaving medical treatments or wireless Internet. Reinvention is born in the imagination.

We have to unshackle ourselves from the bland realities of the present in order to imagine, and then create, a profoundly different future.

Josh Linkner Will Speak on Innovation at the ABA Marketing and Retail Conference, Oct. 4–6

As a successful tech entrepreneur and investor, Josh Linkner also has insights into harnessing innovation and turning raw ideas into effective results.

He will deliver a keynote address on the topic of innovation at the ABA Marketing and Retail Conference, Oct. 4-6, 2015, at the Hyatt Regency Denver.

Linkner has seen thousands of companies loaded with creative buzz and big ideas. How is it that some harness their imagination to create game-changing drivers of growth and innovation while others miss the mark? The answer: The best companies have a systematic process to focus their team's

creativity into practical outputs. As a professional-level jazz guitarist, Linkner blends the improvisational qualities of a jazz ensemble with bleeding-edge business savvy to bring a fresh perspective on unleashing creativity in the organization.

For more information or to register for the conference, go to http://www.aba.com/Training/Conferences/Pages/MKTG_Schedule.aspx. Or telephone customer service: (800)-BANKERS (800-226-5377).



Josh Linkner, the founder of four technology companies, is the bestselling author of "The Road to Reinvention."

- 6. Put yourself out of business.** The best leaders today realize that their job is to put their own companies out of business. They know that ongoing, far-reaching reinvention—from products and services to production and technology—is mandatory for survival. Top-tier companies constantly examine their offerings and the way they do business to find new approaches with greater impact. They are obsessed with finding a better way to do their work and are on a relentless hunt for outdated systems, processes, communication and frameworks. Sometimes this philosophy yields a series of strong, incremental improvements that collectively move the needle. At other times, the gains from this approach are transformational.
- 7. Reject limits.** The world is filled with naysayers, but if we accept the limits of their no-can-do thinking, progress as a society stops. Nearly every advance in civilization was met with an ice-cold reception. Thankfully, the best leaders have the courage to advance their causes despite the critics.
- 8. Aim beyond.** Whether you are launching a product, opening a fashion boutique, seeking a job, or rebuilding a broken community, your focal point must be ahead of you. You need to move forward anticipating trends and changes in the competitive landscape. A solution that is spot-on in the near term may completely miss when it's time to go live, even if it's only a few months away.

Cannibalize your own product

"We can't do that. We can't cannibalize our core business!"

We've all heard this kind of conventional thinking. Oriented in a mind-set that sees limitations in every direction, where every marketplace, technological sphere, or other essential resource is finite, the folks who cling to the cannibalization myth can't possibly imagine creating some wholly new success.

In their version of the world, survival is the only goal, forget about growing and thriving.

In a free market economy, innovation wins. Isn't replacing past successes with new ones the very nature of progress? Shouldn't we all be gunning hard to drive the next evolution of our industry or marketplace instead of using a fear of "cannibalization" as an excuse to slam the brakes on exploration?

Refusing to embrace new products or processes because they might prove to be more effective than existing ones is an illogical exercise in magical thinking. It assumes that we can prevent progress, that we wield some paranormal power to control innovation throughout our marketplace. We can't; we don't. Regardless of our industry, and no matter how powerful our organization may be, we cannot prevent disruption. Those who focus all of their energy on simply holding on to what they have will never be able to reach out for more. By clinging to the past, they are choosing to become obsolete.

You'll never instill the spirit of reinvention in your team by making people afraid to express their ideas.

In today's highly competitive world, we must sprint toward cannibalization instead of trying to hide from it.

You must aim to be better than the competition's product and services and your own previous offering by a factor of 10.

To hit that level of superiority, you'll need to do something so compelling, so remarkable, and so brash that it can't be ignored. That's the only way to disrupt the status quo. And you can't achieve the 10-times factor success without being

willing to unseat even your most highly prized product or service and usher in a new superstar to take its place.

Is your sales pitch 10-times better than your competitors'? If you want to remove chance and luck from the reinvention of your bank, explore every option, and then focus on the 10-times factor. Even if you hit an unexpected speed bump, your determination to go deep in exploration and innovation will give you the momentum you need to win.

Retool your operations

Operational innovation is a term, coined by Boston-based management consultant Michael Hammer, which refers to the concept of completely overhauling the way a company does business in an effort to create a significant competitive advantage. It in essence rewrites the rules of the game.

Operational innovation works especially well in businesses that are based on commodities such as insurance, mortgages, banking and office supplies. If you are struggling to innovate the product or service you offer, operational innovation can be your playground for creative expression.

To tinker with your own operational innovation try “model inversion.” Follow this basic formula:

Instead of _____ [the traditional approach, what the rest of the industry does, what you’ve been doing to date], let’s flip the model and do this: _____ [often the polar opposite].

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Create vivid experiences

The experience you create for customers is a key area for your bank to implement reinvention.

If your product or service is unchangeable and you’ve already optimized the way you do business, the experience is another powerful playground for creativity and reinvention. While others are vying for a fancier product package, you can compete in an area that will have dramatic impact on your business.

The five senses test

A good starting point is to experience your offering from your customer’s perspective—not just the product or service itself but every touch point surrounding it.

I highly recommend a five-senses experience audit. Take a look at each possible customer experience and deeply examine the sensory experience you deliver. Let’s use the example of a karate school. There are a number of touch points that must be explored: the initial customer inquiry phone call, the sign-up meeting, the first lesson, the first group lesson, the breaks, the ongoing correspondence, the billing process, the after-workout experience, the website, the equipment ordered, and more. Once you establish a similar list of touch points for your bank, do a compare-and contrast exercise illuminating the differences between your current state and ideal future state.

Make ‘em feel

Business leaders are often so busy managing resources or reducing costs that they forget about what matters most: delivering value to paying customers. If you’re out to build a sustainable organization that gains momentum by delighting customers, you need to go beyond the functional specifics of your product or service and use experiences to create positive feelings.

With most of the competitive advantages of the past already commoditized, customer experience is an area that remains largely uncharted and ready for innovation. Only 26 percent of companies have a well-developed strategy in place for improving customer experience, presenting an obvious opportunity to leave 74 percent of your competition in the dust.

Make your customers feel your brand, and you’ll be on the path to leapfrogging the competition while driving the bottom line. ■

ABOUT THE AUTHOR

Josh Linkner has been the founder and CEO of four tech companies, which sold for a combined value of over \$200 million. He is also an experienced business leader, venture capitalist, top-rated keynote speaker, and author of two New York Times bestsellers: “Disciplined Dreaming” and “The Road to Reinvention.” Website: JoshLinkner.com.

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