

James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to another episode of the Exponential Insight series of the Banking on Digital Growth podcast. And today I'm excited to welcome Rich Jones to the show. Rich is the president and principal at Leading to Leadership. Hello, Rich.

Rich Jones:

Hello. Good to be here. Thanks for having me.

James Robert Lay:

It is good to have you for sure. Before we get into today's conversation, because as you and I were just talking before we hit the record button and we've got a lot to cover, what's the one thing right now that you're excited about that you're working on? Whether that be personal or professional?

Rich Jones:

I'm excited that a lot of stuff that we've been talking about for the last five, seven, 10 years, count them, about how credit unions need to transform, how they need to make their products and service, make their brand, making their differentiator more available to people so they don't have to get in the car and drive. And this pandemic has created that opportunity where those plans that people have had in place for 10 years and have been kind of moving along slowly, have kind of hit mass now. It's like the flywheel effect right now. And they realize that, "Oh my gosh, we got to play catch up now. And we got to get there." And most of them have done a good job, but now they're realizing how critically important this has been. And so this whole thing about digital transformation and making products and services more accessible and easier to engage with for credit unions is absolutely now on fast forward.

Rich Jones:

I think the opportunity that creates though is still a lot of that work. And you can identify this. A lot of that work is being done in silos. You've got your lending and they have their own digital initiative of how to with the online loan applications and the mortgage applications, the online collection services and so forth. So they've got their own little effort going on here. You've got branches doing their own thing. You got IT doing their own thing. You got marketing and doing their own thing. And so all these silos are kind of working in conflict with each other. And so opportunity now is to kind of look at digital strategy as an organizational initiative and not a departmental initiative, an initiative that is driven by a single leader.

Rich Jones:

Our org charts need to kind of be reinvented. Org charts should follow strategy. Strategy should not follow org charts. So if a strategic initiative is to become more digitally friendly, whether you call it mobile first or digital first, I don't care. But if that is the initiative, then there needs to be an executive that bans over all the silos that's driving that initiative forward and has a project business plan to actually make it happen in the foreseeable future.

James Robert Lay:

You just recently wrote an article about that because you noted that leadership must be redefined because leadership is seen as the job of the chosen few, dictated by that org chart. But you continue writing that leadership isn't for the few, leadership is for the masses. And then you continue to share five reasons or five ways to redefine leadership. Let's talk about that, because leadership post-COVID in a digital first world is vastly different than what leadership was pre-COVID in the legacy model.

Rich Jones:

Right. Yeah. It used to be leadership was all about position and title. So you got to a point, and I'm a manager. So now I'm leading a team of people. But that whole concept is kind of dated today because every one of the jobs within a credit union, I don't care if you're a teller. I don't care if you're a member service person. I don't care if you're processing loan applications. I don't care if you're an underwriter. It doesn't matter what your role is. You are an expert in that job and you've probably know more in a lot of cases than the SVP overseeing your role, because if they did it, they did it in a time in the past. So having that kind of, what I call that distributed leadership model, where, because you're an expert, you have to have voice in anything that impacts your ability to do this job well.

Rich Jones:

And to serve your members, whoever that is, internal or external, better, you have to have a voice. And that voice has to have meaning, it has to be heard, and has to be more importantly believe. And I think that's kind of missing right now in leadership development across credit units, it's still kind of this top down. You and I talked about this earlier, and I know you're a proponent is we got to turn the pyramid upside down. Bill Sterner told me, he was a CEO, first CEO I worked for. He said, "The higher you get in the organization, the less what's going on on the front line." And so we need to let the front line drive what is important to what their engagements tell them is important. And that engagement, more often than not, is the customer or the member. It's not what the board says. Is not what the SVP says. It's what they're hearing every day when they're engaging our customer.

James Robert Lay:

Let's talk about flipping the org chart, because that is something that we've done multiple times as recommendations for financial brands when it comes to their digital growth blueprint. At the top, we put the community, because that is ultimately who we're helping as a community financial institution. I don't care if you're a credit union. I don't care if you're a community bank, your end goal is to elevate and level up the community and power the community. After that, you have your account holders, but then you have your frontline. Those are the people, like you said, on the day-to-day that know the ins and the outs.

James Robert Lay:

But as you're talking through this, I was thinking about front line is a leadership to the people that they're helping, to the people that they're guiding. So leadership training all the way down to the front line, maybe it's not "sales training." Maybe it is leadership training because to me, leadership is about transformation, helping someone achieve their full potential that they might not even know that they have the ability to tap into that potential in the first place. So just like leadership, like you said, is normally for the chosen few. If we bring that conversation throughout the organization, top to bottom, bottom to top, that is a transformative exercise. Yes?

Rich Jones:

Yeah, just think about that a minute. Okay, I'm in a credit union, let's say. And I'm looking at my staff chart, my org chart. And I'm looking at that whole row of people that are called tellers. And this is generally referred to as an entry level position. Now, just think about that a moment. Here it is, the face of the credit union. That person, that your customer, your member engages every single time, that has conversation with and understands and knows them, that hears what they're saying and what problems they're having. They're considered entry. We diminish them right from the get go, right from the very beginning.

Rich Jones:

One thing that COVID has done though, I think, that is a real plus for the whole industry. And that is, we have established a new appreciation for what we consider to be essential employees. And that is that person that is breathing in the virus in the job every day. That is the person that's having that conversation through now, a slice of plexiglass, but engaging people on a human level. The face of the credit union should never be diminished as an entry-level job. It should be considered a professional job that is giving real guidance and assistance to people at the point of contact. What better role is there?

James Robert Lay:

Well, it's interesting because like you said, you talk about the teller, that entry-level role, we call them the front line. They are on the front line of this financial health crisis. And even just the transformation of the way that we think about them and the way they think about themselves, I think it'd be a very empowering idea. So you're not just a teller, and I wrote some ideas down. You're a financial coach, because I'm a big proponent in coaching as almost a transformative activity for a financial brand. You're a financial advisor, you're a financial guide or a financial physician, just something that innately, it says, "You know what? I do more than just transact with someone I transform someone's life. And the way I do this is financially." I love this thinking.

Rich Jones:

A lot of credit unions have somewhere in their mission statement, "We want to help our members achieve financial success." There's some kind of verbiage around that in almost every one of them. And just think about that. When I was at Elements Financial federal credit union in Indianapolis, we started a new brand initiative. And that brand was, "We want to be financial wellness providers." That was our purpose in life. But what we realized that that person on the front line diminished themselves, their value. And we were saying "When somebody comes in and asks to start a savings account, ask them this question. Ask them 'What are you saving for?'" Because until you know, that you really don't know what kind of account to open for. And so they said, "Well, I'm not comfortable." This is what that frontline teller would say, "I'm not comfortable in giving these people that have \$100,000, \$50,000, \$200,000 on deposit giving them financial advice."

Rich Jones:

And I said, "Oh, time out. Think about this a minute. You know more about what products and services you have available to them than they know. You are the expert here. You may not have the same balance sheet, but you have more knowledge than they have about what you can do for them." Once they got that paradigm shift, then those conversations about "What do you need to borrow the money for? What are you saving for?" Became much more readily available in their thought process because they saw themselves now as experts, not just as transaction experts.

James Robert Lay:

I think that's a really big point to make because when you are ill and you're symptomatic, one of the very first things that we all do is we go to Google and we Google the symptoms. And that's a very scary proposition because Google, you can then self diagnose, and that's the key. You self diagnose. So what do you do? You're like, "You know what? I'm freaking myself out. I'm going to call the doctor because I'm going to go see someone who's going to look at this objectively." And I think that's the same thing when it comes to financial matters. And I've been reading a lot of research recently, almost going against financial literacy or financial education. It's doing more harm than good because it's giving a pseudo confidence that you really do need to talk to someone. And that's a cultural initiative right there. You do

a lot of work with culture. When it comes to digital growth, digital transformation, what is the role of culture and what are the opportunities?

Rich Jones:

Oh, it's absolutely critical. Okay. So let's go back to that conversation we had a minute ago. The people that are sitting on the phone and the call center, or the people in the member service desk, or the people in the teller window, they've never used because they don't have to. Banking services are right there in their place of work every day. They'd never used the online presence. They've never opened an account online. They've never transacted online, and they are totally unaware of how to do this stuff until they understand the value that for themselves, they can never, never promulgate that value to the people they're talking to.

Rich Jones:

So it starts with make everybody in your organization become digitally savvy when it comes to their banking products and services. And so that they are in a better position when somebody comes in and says, "Oh man, I'm really in a hurry, but I got to do this." They can counsel them on how to avoid this step the next time, and really provide a service, go that step beyond. So culture is absolutely essential. You also move up the org chart and you'll find that you've got executives that have never even used their mobile app before. How in the world can you have a digital strategy when people are in the organization are totally unaware of what a cool tool this is?

James Robert Lay:

Well, it's interesting that you note this because when we do our diagnostic studies, and we're working with a group of key stakeholders made up of typically marketing, sales, and leadership teams, we do ask them, number one, "Where is your account? Primary account?" And a good 30% to 40%, it's always at another financial institution. And then number two, we ask, "Have you ever applied for an account or opened a loan at your financial brand?" And then as a follow-up to that, "Have you ever applied for a loan or open an account at a neo bank or a neo lender?"

James Robert Lay:

That is where the light bulbs start to go off. When you just step back and you just, "That's your homework, come back report." They're like, "Wow, I see where the gaps are." And it's the self-awareness that then allows them to... Because Rich, you can say it all day long. You guys need to change this. You guys need to make this. "Why? We were been successful up to this point." How do you overcome some of that, what I call the complacency of the cave, because the cave is safe?

Rich Jones:

Yeah. I haven't done this, but it'd be a really fun exercise to sit in a room with like 10 key people at different levels of the organization, everything from the frontline to the executive suite. And have them do an online loan application right there in the room on their computer, just like they were doing it from home. And what they're going to find out is how totally broken the process is. And I've been through this a few times. The kind of integration of a new online banking or a new mobile banking thing. And you sit in these meeting rooms, and you've got all the subject matter experts around you. Who's driving that conversation more than anybody else? Compliance and risk mitigation, almost always.

Rich Jones:

And so they're building in all these protections because they have all these fears of abuse and fraud and all this stuff, which is real, but they are starting to put layers on layers and layers of risk mitigation and

compliance on top of what should normally be a pretty simple thing. The other thing is to have people sit down and have them over the course of a week, "I want this team of people to go in and open up a new savings account online. And I want this group of people to go into a branch. And now I want to compare the experience of what it was like to do that and find out where the misconnections are, where we're doing this over here, but we're not doing it over here. It would be a lot easier if we were to do this here and not do it here."

Rich Jones:

How can we get some consistency regardless of what channel that members coming in through? Well, that experience is the same. The rules are the same. The risk mitigation is the same. The compliance is the same. Everything is the same. So if they start a program online, but for some reason they have to complete it in a branch or vice versa, there's no breakage.

James Robert Lay:

You're making me think of a financial institution that we've been advising on the digital growth journey. And right now at this moment, we've been going back and forth with compliance about some silly disclosure of a text messaging call back. And I get the disclosure, it's totally warranted to let someone know that if they complete this form, they might receive a text message and data rates might apply. But then they go on and get into this whole thing about telemarketing. And I'm like, okay, compliance. I get you. But at what point does compliance become a cost and detrimental to the experience to where you will see an exponential drop-off in digital conversions when you put this disclosure there? Because it's going to scare the hell out of them. No one's going to want to complete that because they're like, "What? Am I giving away my first born?"

James Robert Lay:

So yeah, at what point does compliance become a cost? And it's definitely warranted, it's there to protect things. But it's also a big challenge when we're looking at this idea of digital experience. And speaking of challenges, from your worldview and the work that you're doing with financial brands, what are some of the biggest challenges now that we're not completely on the other side of COVID, but we're navigating through this. What are some of the biggest roadblocks and challenges that you're hearing, that you're seeing right now, as we look ahead to 2021?

Rich Jones:

I think one of the biggest issues that, that I'm seeing is that a lot of organizations have kind of put their entire strategic plan on pause. They've hit the pause button and they have no kind of set time set date to re-engage and "Okay, so let's get back in." The thing about strategic is not everything goes three years from now like you expected it to go today.

James Robert Lay:

No, of course not.

Rich Jones:

A lot of things, pandemics happen. We had the mortgage crash in 2008. Things happen that they're going to disrupt those plans. And what we'd have to do is have a process in place that we can quickly understand what the impact truly is, not what we think it is or what we're afraid it is, but what is it really? And then what do we need to do to help that vision of the future become realized? And it may not happen as quickly. It may get slowed down. In some cases, for example, on the digital side, it may

have sped it up. We had to do things a lot faster than what we had planned on initially, but what has changed and to look at it very critically.

Rich Jones:

And not just hit the pause button until the next planning session and say, "Okay, what are we going to do now?" Strategic planning should be a once every three to five year effort with kind of a refresh once a year. It's not a whole planning. I mean, you've got a plan. "This is what we want to be in three years. Let's see how we're progressing towards that and what needs to be amended. What did we not know then that we know now that we need to take into consideration?" That's the big challenge. Let's undo the pause button, okay?

James Robert Lay:

Yeah. And you talk about undoing the pause button. I'm right there with you. And when you think about creating a bigger, better, brighter future and setting down on that journey, one of the things that I see when it happens with digital is not, "What are we going to do?" That's very easy to say, "We need to do 10 things." It's "What are we going to stop doing?" How do you have that conversation?

Rich Jones:

Well, yeah. You get into that room where you got the board and you've got the senior executives, and they kind of all have their little pet projects. So sometimes, it's a matter of you first have to prioritize. And the way I like to do that is let's set the priority, and it can vary by organization, but typically, what has the most member impact? What is going to really change that member relationship or that member experience? So you prioritize them all down and then kind of like the old GE model, the bottom 10% has to go. And I don't care how much you love that or how cool you think it is. If it didn't hit this... So number one is what is the outcome? Who's going to benefit the most?

Rich Jones:

Number two is what is the resource requirement? Number three, what is the budget requirement? And once you've kind of built that matrix, then it's really easy to kind of prioritize what comes first, what comes. And then doesn't mean the one that's in the bottom 10% goes away. It may have to wait a year, or two years, or three years before it elevates up to where it has a chance of having the kind of impact organization needs. But a lot of it's driven by, "Oh, we got to do this. This is really cool stuff." And so you got to have the matrix.

James Robert Lay:

Value creation, having the courage to have the difficult conversations, ask the tough questions. And sometimes, more times than not, it takes working with someone from the outside, kind of like you, because everyone else is too close to whatever it is might be. Your objective, you don't have a dog in the fight. You could care less as to what happens. Your end point though, is growth for the organization and growth for the members, creating value for the people in the communities.

Rich Jones:

My job is to help you see the trees, the forest, not just the trees. Yes. That's kind of what my job is. And unfortunately, the other, I think, opportunity we have is, I don't know if you've seen this, but I was working with a credit union not too long ago. And I was sitting there, I was talking to the VP of lending and this is all part of my discovery diagnostic piece. And I said, "Okay, so you've got these loan goals, these consumer loan goals." And he says, "Yeah." I said, "Who owns that number?" And I got this blank

stare back at me. Well, I see the same thing with strategic planning. They say, "Okay, we want to become a leader in digital engagement." Let's say that's their strategy.

Rich Jones:

And they've identified what that looks like and what that feels like in the future. But then they don't go to that next step. Who owns that? Who strategically owns it? Who's going to be at the table advocating for the resource and for the budget? Who is going to be monitoring the milestones to make sure we're hitting those key projects when they need to be done to actually make this happen? So when I was working for a small catalog company out of Portland, Oregon, and we were acquired by Reader's Digest. And I had a meeting with the CEO at the time of Reader's Digest. This was several years ago when Reader's Digest still had some value. And what he had just gotten off his quarterly call with the analysts. And so you know where his head was. This is a publicly held company.

Rich Jones:

And that call with the analyst is saying, "This is what we're going to do in the next quarter." So they can go out and say, "Okay, this is a buy, this is a not buy. This is a hold." They can do their job. He sat down with me and says, "I want to tell you one thing. That if you give me a number, that is a covenant between you and me. And if you don't make that number, then we're going to have another conversation." Okay. So right there, there's an a-ha moment for us here. How many credit unions have that mentality of a publicly held company to say, "If we're going to commit to this number, then we have to make it. That is our job. And if we can't make it, we got to figure out what we need to do differently so we don't miss it again."

James Robert Lay:

Right. I wrote about this in the book because it's one of the 12 As. It's accountability. If you're going to make the commitment for X, make sure that you have Y to hold you accountable to get there. This has been such a good conversation today, Rich. And I thank you for the exponential insights that you have shared with us today. As we get close to wrapping up, I want to look out to the future. It's 2021. What is one thing that you feel that you believe a financial brand must commit to over the next 12 to 18 months? Because there's so much that they could, but if it's just that one thing, because that's easy to track and put a metric to and hold accountability against. What's that one thing from your world?

Rich Jones:

I don't think I can do one thing. I really don't. I wish I could change, but I think there are kind of three priorities right now. One is whatever they're doing now digitally, they've got to refine that and they've got to define it and they got to get much better at it. And that has to be essential. And if they got the wrong core, if they got the wrong MLLS or whatever it is, they got to fix that. The second one is around data. Data is such an organizational asset. If we don't get our arms wrapped around data and where we can trust the data, regardless of what source that data is coming from, then we're going to be making bad decisions because the data is bad.

Rich Jones:

And the third one, I think right now, and this has been driven home here in the last two weeks, I think, that we have got to figure out how to make our workplaces safe for everybody. I don't care what race, religion, color, orientation. Everybody has to feel like they have a safe place at work and that they have voice at work. And so to me, so you've got, you've got the digital thing, you've got the data thing, and now you got the culture thing. HR has got to do a much better job in making the culture work for the employees, because if it works for them, it's going to work for the member.

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James Robert Lay:

That's exactly right. And there's no better way to wrap that up, those three points. I really appreciate that. It's been a good conversation. If someone wants to continue the conversation with you, Rich, what is the best way them to reach out and say hello?

Rich Jones:

LinkedIn is a good way to do it. You can go to my website, [leadingtoleadership.com](http://leadingtoleadership.com). That's a number two, or just email me at [rich@leadingtoleadership.com](mailto:rich@leadingtoleadership.com).

James Robert Lay:

Excellent, Rich. Well, thank you so much again for joining me on another episode of Banking on Digital Growth.

Rich Jones:

It's been a pleasure, James. Thank you.

James Robert Lay:

Until next time. Be well, do good, and wash your hands.