

Sam Kilmer:

You and I both know that if we scripted this, the audience would smell a rat. People don't like that kind of stuff anymore. And maybe they never did.

James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to the 64th episode of the Banking on Digital Growth podcast. Today's episode is part of the Exponential Insight series, where I am excited to welcome Sam Kilmer to the show. Sam is the Senior Director at Cornerstone Advisors, where he leads the FinTech industry practice along with some selected advisory engagements with banks, credit unions, industry providers, and investors. Hello, Sam, and welcome to the show today.

Sam Kilmer:

Hey, good to be with you again, James Robert, as always.

James Robert Lay:

Absolutely. Absolutely. To start the conversation, let's just reflect back on the century that 2020 was in and of itself. And just for you personally, what were some of the greatest lessons that you learned looking backwards?

Sam Kilmer:

You mean back over the last decade or century? I wasn't there the whole century. I'm kind of old, but not that old. Or you mean over the last year?

James Robert Lay:

Well, I'm just saying 2020 felt like a century in and of itself that we worked through. Because I think by mid year, it felt like we had already lived a decade. And by the time that we ended, it felt like we lived a century. I saw a quote the other day, sometimes it feels like time moves where progress feels like it takes decades. And then other times, we feel like we make a century's worth of progress in a week.

Sam Kilmer:

Yeah. It's a good point. Looking back over 2020, the way I look at it is it was the culmination of several years. And then a concentration of, well, let's just call it maybe three or four years worth of change all in one big shock or stress test, at least to the banking industry, to the financial services industry. But I think to a great many of us, which was if we're all kind of gradually digitally transforming at a 7% year over year pattern or something, what happens when it's 70% all in one year?

Sam Kilmer:

And I think my big takeaway was gratitude and not taking many things for granted. I think many of us walked away. If we weren't already tremendously grateful for things like our families and our school teachers, and we could go on and on. We certainly are now. We see what these people have had to go through. But when I think about it, look at things like holiday retail sales, James Robert. They came out higher 2020 than they did 2019, if you had asked me that in April, I would have said "No way." But they came out higher, that they just shifted even more than people expected. So we learned how to deal with the shift, I guess

James Robert Lay:

I think you're tapping into a really big insight and a really big secret that I want to bubble up to the surface here. You mentioned gratitude. I think that's going to be a key element for many of us continuing through 2021, because the mind can only hold two thoughts, or one thought at a time, but there's two opposing sides. There's the positive or the perspective, the mindset of abundance. But on the flip side, there's the negativity, the mindset of scarcity. So by continuously focusing on what's going well, it will help the mind naturally. You're going to train the mind to naturally move in that direction. To that point, what is going well? What are you specifically excited about right now with your view of the world?

Sam Kilmer:

Well, I think if you look at just coming into '21 here and you're looking at still record interest in the tech sector and in a lot of development of positive change of helping people, I think another thing that I've seen really, really be on the rise is just whether you're a bank, or you're a FinTech, or anything, is a real focus on not just "We have something that's cool," but how do we help people? What some people historically referred to as financial education, or some people try to apply other technology to it like analytics or AI or whatever. Forget the technology and let's just start with the premise that we're trying to help people. And I think that's absolutely front and center. And I'll just come back to the gratitude thing and say, I think many of us were hustling about to airports and conferences and many things in to 2019.

Sam Kilmer:

And in 2020, when that was taken away, we replaced it with a healthy sense of gratitude for the things that we have. I think the other takeaway for me on this June, James Robert, that I want to point out is, when we talk about things like digital and growth, and in your case, both digital growth, there is a natural tendency to want to talk about the technology. And I think that's fine, but I will say there's just been a real focus on people. And even when you transform or change your delivery model as an organization, whether you're a bank or you're any business, if you go from full change from physical delivery of retail to e-commerce, there's still people involved in that. They're just doing different things. And the leaders of different things of things in demand, leadership has never gone out of style. It's never gone out of demand. It's just that the skill sets have changed.

James Robert Lay:

I'm hearing echoes from a recent conversation that I had with Carrie Ann on the podcast, who's the chief marketing officer at JMMB in Jamaica. And one of the things that that particular bank is being driven by is a purpose, or they're literally banking on love. That is their central thesis. That is their purpose. That is their North Star. And to your point, helping people, what is this all about? I mean, let's come back to how one of the ancient writers define love, it is to will the good of another person. And I think in a time like we're in right now, one of two things happens.

James Robert Lay:

We either turn inwards and focus on ourselves and our needs, which is not a really good place to be. Or we turn externally to focus on the problems of others and solving those problems. And as a result, we rise together. And I agree with you, this idea of digital, digital growth. It is not about technology, which is why in Banking on Digital Growth, there was one chapter dedicated to the subject it's about using technology to bring people together. And to that point, when we look ahead at 2021 and even beyond, what do you see are the biggest opportunities for financial brands to either create or capture or even the strengths that they have to further capitalize on?

Sam Kilmer:

Well, we'll come back to the people issue, but I would say that the other factor there is just going to be, let's just call it knowledge. So you're using knowledge to help people, and you're using the people because they have the knowledge, and the ability to deliver that. And I would point to a couple of things, is as financial brands are less defining themselves by the geographic zip code in which they reside and think about community, I'm not suggesting the community isn't. Geographic isn't a community. It's one flavor of that. But I will say that I see a lot of promise in people focusing their help, again, back to, we want to help people. Help is the new sales. But I don't think it's just a spin or a buzzword or a pivot in language or anything cynical, very real. But I think it's easier to apply help to groups that you know well. So when I started out the industry working in database marketing, I mean, we were talking about one-to-one, and segmentation, and all that.

Sam Kilmer:

That's fine. What I'm talking about is organizational focus on specific niches, whether it's a commercial bank that gets to know a couple of industries, really, really well, or a community bank that focuses in on some specific niches in their areas or whatever. But I was looking over our Gonzo Banker Awards that we do every year. And thinking of someone like a Dub Sutherland over at Trans-Pecos Banks who worked on this establishment of a niche in bank MD with in their particular case, helping people or helping people, they're helping doctors. They chose a very specific market that they could focus on. I think we're going to see a lot more of that.

James Robert Lay:


I hope that we do, because there's the old adage "The riches are in the niches." And I recently had been sopped on who's the founder and CEO over at Unifimoney, a neobank is getting started up. And they're focused on the high income, someone who makes \$150,000 and over from their market research, \$18 million to \$25 million. But he was like, "They still have challenges and issues with money. And they're trying to solve those problems. If not, they're even more amplified." And there are doctors in that. So when we look at this idea, and this is a repeated pattern and theme that I'm hearing from multiple people now of niching, of focusing. How do we have that conversation effectively? Because it's so easy to fall back on the old mindset of looking at this as well. That's going to limit our growth potential, but by saying "No," you're actually saying yes to a very specific growth opportunity.

Sam Kilmer:

Yeah. Well, I think, in many ways, you answered part of your own question, which was just because you focus on one area doesn't mean that others won't be inspired by you. You can be a credit union that serves one branch, historically of the military, who ultimately inspires other branches to want to be served by you. Or that may not be the best example. But I would just say by focusing in on the main thing is getting an identity, many of us use the term persona, getting humanity around who you're helping. It doesn't mean that you're going to say no to everybody else. It just means that you're going to focus your attention on the areas that you know best.

Sam Kilmer:

And I mean, I use them as one example, but one of our lifetime achievement awards, for example, that we gave John Beal, the CIO retiring of City National Bank, there's lots of people throughout the country that have done work with City National, now powered by RBC as I understand it, but they chose to play



and win in the entertainment industry and to get to know it very well. And then they started making some very specific technology choices and determining things that they build versus things that they pull off the shelf. Point being is that that strategic sacrifice helped guide them down a path. And it always allowed them to kind of keep a North Star on that. And I see more of that and I think we'll have more of that.

James Robert Lay:

Well, it's by letting go of the past, it creates the space and time to create the future. And that's a challenge for some, because it's like we want to cling to our wins and our successes, but it's what got us where we're at today. It's not going to keep propelling us forward. And so it's always going to be this give and take of death and rebirth, death. And I mean, there's a whole archetypal narrative structure that we could dive deep into. And so I want to flip this a little bit. We've identified some opportunities, opportunities, this idea of helping, focusing down on specific niches. On the flip side, though, what are some of the roadblocks that you see some of the challenges that financial brands, their leadership teams, marketing teams, sales teams must be aware of looking out at 2021 and beyond that could potentially trip them up going forward?

Sam Kilmer:

Well, I think one of the big concerns that I have is a healthy discussion. Maybe even including some good, healthy arguments, I'm always looking for good, healthy debate in strategy. If there's not, if there's not that, that should be a warning sign. And watch out for that. But even when the strategy is agreed upon, and you have a visible roadmap and people understand where the organization is headed, I would say the financial brands need to watch out for a misalignment between what they say and where they invest. So in other words, there's this directional intent to, once or twice a year, look at the strategy, very healthy. But not as much attention being paid to, "Where are we honestly and not executing well on the strategy? Not looking at our monthly numbers. I mean, real honesty on where are we not executing."

Sam Kilmer:

And the number one area that I really look at here is just, do you have a line of sight into where you're putting resources and moving them around to accomplish those things? And I think that that's a little bit too undisciplined in many organizations and so that you can have the greatest intent, but it's just not going to happen because the proper investments in delivery, and we can talk about that. Like I said, we've talked about this before. It's not just, are you investing a lot in analytics, or data, or digital first and all those things. But do you have the people? Have you brought those people on board? Do you treat that team with the same type of urgency and respect that you would treat a team of lenders or historically branch managers or others? That kind of thing.

James Robert Lay:

Yeah, let's talk about that because we were talking about that before we hit record. And I think it's a discussion that we need to have more and more of at both a macro level, but also a micro level. Because historically speaking, up to this point, we see on average 60%-65% to around 80% of "digital transformation projects fail." I mentioned in a research study that Ron Shevlin had shared on LinkedIn, this false hope of technology. It creates basically a technology bias that we adopt some type of new technology, whether that's an... And I think, where am I seeing this the most? It's probably marketing automation and really more on the CRM side of things. We adopt this new technology thinking it's going to be our savior and come in and make life good for everyone.

James Robert Lay:

But then it fails because only a select few have ascended what I call the apex of awareness. They can see out and see the future. Everyone else is still stuck down in the cave of complacency. So how do we reconcile and get more people up to the apex to see the future and then lead them through, because this is an emotional conversation of letting go of the past to create the future. How can we have more positive discussions to create that clarity, that awareness, that alignment, that consensus that really is where transformation happens in the first place?

Sam Kilmer:

Yeah. The playbook is still being written. There's not a 10 point plan and the Dummies text here. But I would say that it really starts at the top of the organization in rolling up shirt sleeves and making sure that organizations set expectations and accountability. Let me be very specific. Many of the technologies in the areas that you just mentioned. You mentioned marketing automation and CRM is two examples. Those have historically, and we'll just stay with those examples because you used them, those are two things that have historically been treated as expenses by cost centers. So we've used financial accounting instead of management accounting in this banking industry. And we've typically treated, and this is important because it's not just the technology spend, but the people associated with those technology spends are typically considered cost centers.

Sam Kilmer:

And until the revenue centers or whatever the front end of is, whether it's a customer or member experience of revenue, is the more likely, I would say, candidate, but the top line of the organization and the mission associated with that urgency. The reason why this works for Capital One is because if they don't do those things that you just mentioned well, they'll not do well next quarter. It's an urgency for them, for USAA, for people like BCU, for people like Alliant. They don't have branches. They don't. I mean, if their call centers don't do well and their marketing automation doesn't do well, it's bad, bad, bad, bad, bad. So that's my first, is accountability at the revenue level and experience level, not "Well, we've got another cost to layer into our cost centers."

James Robert Lay:

It's a bit of an extreme example here, but I can't help but. You kind of these digital-first brands that don't have the branch network infrastructure that they're not necessarily physically tied to the past, but I almost could see making a potential argument into the bit of an extreme example. But it's burn the ships. Brett King the other day was like on LinkedIn. He said "If you're not investing more in your digital technology infrastructure than your physical branch structure, we really have to have some serious conversations." So just burn the ships. Close down the branches, reinvest that capital, sell off the assets, and then reinvest it because then you have no choice.

Sam Kilmer:

Well, but you know what though, James Robert? Let me push back on that a little bit, because I agree with you that I think most people in the industry think... "Well, yeah, if you're Brett King and you're starting from scratch or whatever, and you're a revolutionary, well it's easy for you to do that because you don't have all this legacy stuff to figure out." But I would say we're fortunate because we actually have examples now of people who burned the ships. I doubt that they would characterize it that way. But let me give you a good example. In our Gonzo Banker Awards this year, we gave a lifetime

achievement award to Dave Mooney, who is the retiring CEO, long time, of Alliant Credit Union. In Chicago, you may have heard of them. They win a lot of awards for being one of the industry's best kept secrets or whatever, best places to do banking.

Sam Kilmer:

And that's exactly what they did. He came in and they literally, at one point, closed all their branches. And they came from, as I recall, they came from United Airlines. United Airlines was their primary segment. You might not know that now with the Alliance brand, but the point is that they recreated themselves, both in terms of a brand, but also in how they go to market. These organizations, I would just point out, like Alliant, BCU, USA, Cap. They have a big head start. Even if they started as a call center bank or a call center. The point is is that they have a head start because they, they don't have to transform now. That's all. But at least in many of them, there is a track date. You can look at what they did several years ago. And there is a playbook for that.

James Robert Lay:

Yeah. Well, what your alluding to is, something that I've been exploring more and more is the methodology or the philosophy of first principles thinking versus traditional thinking. because traditional thinking is where a lot of, I think financial brands are today because they start with the limitations. "We can't do this. We're stuck." Where first principles thinking looks at, "Hey, here are all the possibilities that are available." It's scarcity thinking versus abundance thinking. And it's a book that I had shared with a lot. And you said you got a copy of. It's Who Not How by Dan Sullivan, who I'll have as a guest on the podcast pretty soon. And the point is, we don't need to think, "How are we going to do this?" It's "Who do we need to align ourselves?"

James Robert Lay:

And I would love to hear your perspective on this from a collaboration standpoint with FinTech, because you're doing a lot in that space right now. What are the collaborative opportunities? Because FinTech is, historically speaking, "Oh, they're the enemy. They're looking to destroy." Nah, FinTech is not necessarily looking to disrupt because they have their own challenges on their side. They need eyeballs. Traditional incumbent financial brands have eyeballs and communities already established, but they lack the capability that FinTech has. Where are the opportunities to bring both together in alignment and elevate everyone?

Sam Kilmer:

Yeah, well, there are a lot of opportunities. And this is actually one of the areas I want to come back to this and say, it's a big resource challenge right now, because there are a lot of FinTechs that want to work with banks and credit unions. They're out there. They're making phone calls, they're doing the video calls. There are intermediaries out there. You've probably heard of several of them out there, the moves of the world that want to help with some of the connectivity and interoperability.

Sam Kilmer:

I would argue, and this isn't a slam to move or anybody else. I've never seen that technology is the primary barrier. It's almost always economics. And you mentioned, I think the scarcity or the legacy factor of if you've got a compliance officer that says, "Well, give me five examples of how this has worked before, or we're going to say no." For example. Of course, if you want to be a pioneer and you're running up against that juggernaut, you've got a problem. Okay. But I'll tell you, I see more and more,

and we see this in our research, that's coming up. There are more institutions that want to collaborate with FinTech. More FinTech, they want to collaborate with financial institutions. That's the good news. The bad news is when we ask financial brands out there, especially in the mid-sized bank market, credit union market, "How many resources do you have assigned to this?" The most common answers are either "Zero," or "Maybe one or two."

Sam Kilmer:

Now, you and I have talked about this before, but one of the things that I'm always looking for is when somebody tells me something's a priority, I'll usually ask them, "Who's in charge of it? Who's responsible? Who's accountable?" And if they give me nobody or they give me eight people, it's the same problem. It's accountability. That's the big issue right now, is we think this is going to flesh out in '21, by the way, which is boards and CEOs that demand more resource be assigned to this and that there be accountability. I think that's one of the big issues. And we can overcome that.

James Robert Lay:

Absolutely. I think too, one of the limiting mindsets is we're a smaller asset institution. I'm going to come back to your Gonzo Banker Awards. And if there's one success story that I've seen from a smaller asset institution, it's Jill Castilla. \$300 million in assets, doing big things, leaning in. And her whole theme was literally pulled from Frozen 2, and it was a beautiful story to go into the unknown and to do the next right thing. And the work that she did with Mark Cuban and PPP, it's an amazing story. So I think this conversation around assets and resources and capability, it's to a degree sometimes, it might be an excuse. Because Jill's a great example of first principles thinking, starting and looking at the possibilities and then just going from there. So how do we encourage more conversation, more dialogue, to bring along internally, culturally to help leaders overcome the past, to deal with change in the present, and really, I think eliminate the fears that might be holding them back from creating the future?

Sam Kilmer:

That's a great question. I think you're hitting on a big one. And with Jill in particular, as I look back on it, and obviously, this isn't just a one-year phenomenon with Jill. We've seen this. But the thing is, I think if there's a lesson in what she has accomplished, it is transparency and the willingness to express vulnerability. So Jill just puts it out there. "Hey, listen, we need to figure out this PPP thing. I'm taking ideas from all comers. Please let me know." I just paraphrased it. I'm sure she was way more elusive than what I just unloaded there. But the point is is that she was transparent about what she was thinking. And it wasn't like there was two personas, the sort of internal free person. And then when I go public, I'm Mr. Or Ms. Acumen, and aren't I all put together?

Sam Kilmer:

And there's this professional versus personal persona that, I think, let's be honest. Many of us had that for years. It's almost like we were raised that way. You get your professional you and your personal you. Social media blows that up. And I think Jill is a great example of this. And I would point to another person in the industry, Chris Nichols, from CenterState Bank, who just says, "Look, this is what we're doing at our bank. We're going to all these trade shows and this is what we're learning. And this is what we're doing around COVID." You don't even have to agree with him. He's just putting it out there in earnest. And I think he's helping people, but he's not just helping people with what he's doing and giving

them ideas. I think what Jill and Chris and others like them are doing is they're helping people just get comfortable with being publicly uncomfortable.

James Robert Lay:

Oh my gosh. I'm hearing some patterns now bubble up to the surface, and this is getting into a bigger conversation of the opportunities of the personal brand. Carrie Ann from once again from JM&B, we were having that conversation because she's the chief marketing officer. She's an executive. And she was talking about the need for coaching at the executive level because the coach helps someone, number one, identify where their strengths are that they might not even be able to see, but then help them to lean in and have these uncomfortable conversations publicly. And it's okay if you don't know everything. I think that's one of the greatest strengths as a leader is to raise your hand, ask for help. I think too, I was just saying, having a conversation with Karen over at Boss Insights. And I was at home and literally my kids were popping in and out of...

James Robert Lay:

And she goes "This is of the neatest things." She goes, "I saw you doing something. It was a CU 2.0 conversation with Kirk Drake." And she goes, "You're like the same person." I'm like, "Well, we have to be." And I love what you said. "We can't have these two different personas." We just have to embrace the who we are. Good, bad. It's the good, the bad, and the ugly. And years ago, I started talking about some of the struggles that I've dealt with publicly. Because I think that the more we can have those honest, real transparent conversations, the more we inspire others to have those honest, real transparent conversations. What do you think?

Sam Kilmer:

And I think it starts with things like this. You and I think got onto this call here for just a couple of minutes. We didn't script this. I think the reason is because you and I both know that if we scripted this, the audience would smell a rat. People don't like that kind of stuff anymore. And maybe they never did, but I think that's what Jill, I think, has done so well, is just being an honest leader. She went into an uncertain environment with, with citizens when she got there. So she knows what real with dealing with real fear is like beyond her military background. I think she has done a great job of externalizing that and using it to her advantage so that her people are inspired by her, but also others. I'm inspired by her. I mean, she makes it easy to be inspired by.

James Robert Lay:

Yeah. Yeah. Well, you were talking about inspiration. I've been inspired just from you in this conversation and learning already. How can others who have been inspired continue the conversation, continue the dialogue with you? What's the best way for them to connect with Sam, to say hello, and continue this conversation?

Sam Kilmer:

Well, in addition to social media you, and I are out there on the major channels of LinkedIn and Twitter, but a couple of other vehicles. And this is just in the spirit of, we believe in content, just like you do, big time. I'm a writer and contributor along with many of my colleagues at gonzobanker.com. And so that's one vehicle. You mentioned Ron Chevron earlier. You also mentioned Karen Moynahan from Boss insights. Actually, Karen was joined Ron and I on most recent episode of FinTech Hustle, which is something that Ron and I do in terms of interviews with people in the industry. So FinTech Hustle's another vehicle. And Cornerstone, C-R-N-Rstone.com, We're out there. And talking in my case, I do

advise banks and credit unions, but my practice areas focus on helping FinTechs and FinTech organizations from the largest to the startups. So we're out there trying to add value to the conversation and appreciate all the things that you're doing, James Roberts.

James Robert Lay:

Well, absolutely. I want to come back to the hustle that you and Ron are collaborating on. Biggest insight that you've gained from those conversations up to this point. If you could maybe just say this is something that top of mind key insight that you've learned. Because I think that's what this is all about. It's about transferring knowledge at scale, but it's also about learning. Because I'm a big believer, coming back to this idea of transformation, transformation is not about technology transformation. It all starts with training and education to gain clarity and to gain awareness into what the opportunities are. And then we can talk about that path of how to get there, but you have to provide clarity. So it's about learning, but it's also about teaching. So big key insight, big lesson that you've learned from the conversation that you and Ron have had on the FinTech Hustle podcast.

Sam Kilmer:

Sure. Well the big issue or the big opportunity and issue for some is kind of when you look at how the industry has changed and how all industries have changed, some people say, "Well, we've moved to digital sales." I would say, "We've moved to self-service buying." Let's put it on the other side of that transaction. We are all self-service buyers now. We all want to learn. And when we're learning, we want to hear natural language, we want to hear things that are natural. We don't want to hear anything that we can tell as soon as we hear it, "Eh, these are messaging points chock full of buzzwords that are chocked full of not great intent." Okay. So my biggest takeaway is with the Hustle is, we started thinking, "Well, maybe we need to put together presentations and maybe we need to."

Sam Kilmer:

And then it was like, "No, that's exactly what nobody needs right now. What we need is let's just get to," what was it? You said earlier, Who Not What?

James Robert Lay:


Who Not How.

Sam Kilmer:

Who Not How. Thank you. Let's figure out, who are two great people that have diverse thoughts, maybe one big company, one small company, diverse individuals personally, let's get them together and let's just ask them what's going on and see what shakes out of that. And what I learned, Kara Parkey of MX, who I met through AFT, the Association for Financial Technology. I'm a big fan. No, that's not a plug. I'm just saying I'm a big fan. Kara put it best. She said, "You know what? The hustle, it just changed. Meaning we're all still hustling. We all still have the same things to do, but because people are self-service buying now, we just have to think a little bit about what our hustle looks like."

Sam Kilmer:

And that was actually the inspiration for the name. The first session that we had, I don't even remember what we called it, but Kara it was one of the guests. And after she said that "The hustle has changed," I said, "Hey, do you mind if we co-op that, because I really like it?" And I think she's spot on. The hustle



just changed. Just keep being a good person, but realize that because people are buying self-service as opposed to us trying to sell things or market things as much, it just changes the way that you put together content and delivery. And that's my big takeaway.

James Robert Lay:

Absolutely. Absolutely. Well, Sam, thank you so much for all the insights that you've shared today on another episode of Banking on Digital Growth. I appreciate it, man.

Sam Kilmer:

Hey, great to be with you

James Robert Lay:

As always, and until next time, be well, do good, and wash your hands.