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THE BRANCH SALES TRAINING ISSUE

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What is “Innovation,” and How Do You Do it?

Try Googling “changes in financial services,” and you’ll find a dizzying number of technology apps and other tools that continue to evolve the banking industry. That isn’t surprising. With virtually every industry experiencing digital transformation, consumers are demanding greater convenience in all aspects of their lives—shopping, travel, entertainment, healthcare, education and, yes, financial services.

Keeping up with traditional competitors and new entrants, like fintech startups and retailers that offer financial services, requires innovative solutions. Companies across the spectrum are looking for ways to enhance their product and service offerings, and many are doing it by attracting attention to their newest “innovation.” Yet, often the only thing new is the packaging or the name.

But what, exactly, is innovation? Webster’s says it’s a “new method,” or the “introduction of new things.” My thesaurus likens it to “modernism,” “newness” or (Heaven help us) “cutting edge.” Scott Berkun, author of *The Myths of Innovation*, wants to ban the word altogether, noting that “innovation” is so overused it’s become a buzzword that is quickly losing value.

Berkun is an innovation and management expert who is frequently requested to write and lecture on the topic. His goal is to help professionals understand the process behind the result. Far from being the quickly inspired magic some believe, Berkun says most innovations come from “dedicated people in a field working hard to solve a well-defined problem ... what matters is the ability to see a problem clearly, combined with the talent to solve it.”



The hard work of innovating

The innovation process is challenging; to do it well requires a methodical approach. While “lightbulb” moments do occur, most often they are backed by months or years of hard work. To help its credit union owners build a framework to enhance idea generation, MEMBERS Development Company recently partnered with futurethink, an innovation training firm. Futurethink CEO Lisa Bodell stresses the importance of building creative skills by encouraging a culture that makes time for thinking instead of always doing.

Organizations looking to innovate should consider these tips:

- Make time for thinking. Rather than working harder or longer, make time for managers to reflect on issues they can solve. One example might be pushing a minor approval process down on the organization chart, freeing up the manager’s time.

- Ponder all ideas presented. No suggestions should be rejected out of hand. Sometimes, the benefits. Make sure everyone's voice is heard, but beware of making busy work instead of actual improvements.
- Understand the background of a proposed initiative. Anytime a new product, process or delivery service is considered, it must be doable, affordable and have value for a market that's willing to pay for it. It's critical for participants to know the history behind a proposed initiative, including the issues involved and why some fixes may be flawed.
- Take the time needed to develop the best solution. Finding the best answer to a difficult product or service need requires knowing how it affects everyone involved. Make sure to consider the effect on staff directly involved, various departments and, of course, the members.
- Avoid kneejerk reactions to member requests. It's important to pay attention to member complaints, but the initial reaction is often to fix the problem by adding more procedures. Instead, use your time figuring out how to streamline functions that are sucking creativity and keeping your staff from more meaningful work.

Fruit of the labor

Over the past 18 years, MDC's staff and owners have researched and developed numerous products, services and delivery systems, while also serving as an incubator for new specialty companies created to meet specific member needs. Drawing on a key principle from credit unions' cooperative roots, MDC's owners promote creative thinking by collaborating on competitive issues and finding new ways to serve members in a digital world. Each year, we select resourceful, committed staff from owner credit unions to participate on MDC's Innovation Council, where they work alongside our staff and outside consultants on initiatives chosen by owners. Goals

include reducing complexity and searching for ways to streamline operations, encouraging team members to ask questions like "what if we could ... ?" or "why do we always ... ?"

Some of MDC's current projects include the following:

- **Robotics Process Automation (RPA).** RPA, or "white collar robotics," refers to automated processes that can perform highly repetitive tasks primarily focused on moving data from one place to another (e.g., one system to another), 24/7. The benefits are significant, with staff freed up to work on more valuable and productive activities, such as helping members with complex concerns or advice. It also improves accuracy and generates a substantial ROI. What's more, the automation "bots" are relatively easy to set up and test.
- **Student Loans.** Of course, many innovations aren't directly inspired by new technologies. June 2018 data from the Federal Reserve shows total U.S. student-loan debt has now topped \$1.5 trillion, with more than 44.5 million 2017 college graduates holding loans averaging \$39,400. The student-loan crisis isn't just a sizable problem for your members and employees, but also for the broader communities credit unions serve, as heavy student debt burdens are affecting life decisions about marriage, home ownership, and more. MDC and its owners are working on ways credit unions can address this crisis, such as finding ways to refinance their members' debt or to assist members in accelerating their ability to repay their debt as well as other services.
- **Auto-Sharing.** Millennials are already accustomed to online services that offer home delivery for everything from dog food to diapers and provide streaming movies and TV shows to any device. Increasingly, younger consumers are choosing to forego car ownership in favor of ride-sharing services like Uber and Zimride, as well as car-sharing alternatives like Fair. Credit unions need to prepare for dramatic decreases in their auto-loan portfolios as personal transportation

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Rosemary Aguilar, Branch Sales Manager

moves in a new direction. MDC is looking into alternatives to traditional consumer options, such as car sharing and subscription services which allow credit unions to offer all-inclusive packages that include vehicle maintenance, repair and insurance.

- **Member Score.** With the increasing use of online and mobile services, it's hard to develop the personal relationships credit union staff typically fostered with members in the pre-digital age (and the insights credit unions developed from them). In response, MDC is developing a member scoring system that considers diverse information about a member like their account history, number of CU services used, and the amount of assets under CU management to establish which member relationships are the most valuable and reliable—and which members could be eligible for higher tiers of service.



Kent Zimmer, Director of Finance for MEMBERS Development Company has deep experience in concurrently leading multiple business verticals in dynamic environments, as well as streamlining operations to increase cost efficiencies. He can be reached at kent.zimmer@membersdevelopment.com.

Using innovation skills to help credit unions meet the challenges ahead will strengthen their position. Upon his graduation from Oxford University, the late great thinker and physicist, Stephen Hawking, said “Intelligence is the ability to adapt to change.” Although it's difficult for a single credit union to keep up with the changes facing our industry, a network of credit unions sharing their knowledge, experience and ideas while working together on R&D can help us all to think more creatively for the benefit of our industry and our members.

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