

THE THINK FILE

Key Takeaways from THINK 11

11



THiNK

We Came. We Thought. We Conquered.

So went the tornado of inspiration and collaboration that was the THINK 11 Conference, organized by CO-OP Financial Services. With a powerhouse lineup of presenters that included industry leaders, business experts and the best skateboarder ever to walk the planet, CO-OP and 550 of its credit union members took on the issues facing our industry.

What do consumers want?
How can we compete?
How do we generate the excellence needed to win in the 21st century?

These are big questions. And over four action-packed days, we heard ideas that surprised, intrigued and

challenged us. We also shared our stories, asked questions and beamed our thoughts into the Tweet-o-sphere. It was huge.

For detailed, blow-by-blow accounts of what happened, check out the 23 entries dated May 12-27, 2011, in the THINK Blog at www.co-opthink.org. The purpose of this white paper is to offer an overview. Here are the big ideas that came out of THINK 11, along with action items to help you turn thought into reality. Though it's difficult to capture the whole THINK experience in a few pages, these ideas have kept us thinking after the meetings adjourned.

Wake Up, It's Here: Seeing the New Reality

The past few years have brought massive change to the credit union industry. This isn't news; we've heard it time and again. But at THINK 11, it was clear that change is not only happening – it's happened. The time for struggling to preserve the old order and mourning its loss is over. The aliens have landed. The world is new.

No one brought home this message as clearly as Brett King, author of "Bank 2.0" and an international expert in banking trends. Using example after example, King illustrated just how dramatically the world of financial services has changed in recent years. How so?

- M-Pesa currently offers mobile payment services that include depositing and withdrawing money, transferring funds, paying bills and purchasing airtime – all via cell
- National Australia Bank launched UBank – an entirely online enterprise. The result: UBank has seen a 300 percent increase in deposits since January 2009.

phone. M-Pesa is not a bank; it's part of Vodaphone. Also, this isn't happening in the elite suburbs of Palo Alto. It's happening in Kenya. Right now, 80 percent of Kenyans don't have a bank account. But 13 million use M-Pesa.

- In England, Zopa turns money lending on its ear by enabling peer-to-peer microloans. Whereas the industry standard for non-performing loans hovers around 1.5 percent, at Zopa it's 0.7 percent. "The psychology is that I better make an effort to pay it back because there's a person behind the loan," says King.



- New forms of payment rule – and they aren't seeing a lot of consumer resistance. At South Korean Hana Bank, customers make payments with a bump of their phones. In Hong Kong, prepaid Octopus cards, which started out as payment devices for mass transit, are now used for retail and restaurant purchases.
- Bank of America has seven million users for its iPhone app. A full 250,000 moved their accounts in order to use the app.

According to King, innovation is accelerating even faster because non-banks have entered the fray. It's difficult to tell members they can't

access credit card balances on their cell phones when they can do so on their Starbucks cards. On Delta Airlines – among others – it's now possible to buy a plane ticket, check in and generate a boarding pass via your mobile phone. Expectations are high, with little nostalgia for the “good old days” of rushing off to the branch to make payday deposits or writing stacks of paper checks.

Feeling wistful? Don't. Bill Cheney, CEO of the Credit Union National Association (CUNA), urged credit union leaders to reinvent themselves and their organizations with vigor: “I think for far too long we have let others define what we are, often as less-sophisticated, taxpayer-

“We have to get out of the mentality that when we do x, y and z, we can relax. We're living in a world of continual adaptation. It's an ongoing challenge.”

– *Brett King*

Future Banking

According to Brett King, here – in descending order — are the five ways consumers will interact with their financial institutions in the next five years:

1. Mobile Banking
2. Online
3. ATM
4. Call center
5. Branch

subsidized versions of banks. That's not what we are at all. We are an incredible resource for consumers. We need to define what our future should be and be innovative in our communications so that people understand the value we deliver."

Delivering that value is going to require a great deal of change: new products, new delivery, new strategy, new systems. In the process, Nancy Hill, president and CEO of the American Association of Advertising Agencies, advised credit unions to stay true to their member service commitment: "Find out what people really want," she said.

"If you do, then suddenly you're defining your business in terms of what people actually want, instead of saying, 'Wouldn't you really like to have this?'"

Listen. And be bold. Jeff Manning, who helped mastermind the category-changing "Got Milk?" ad campaign, raised a provocative question during his discussion: "Do people really want to be called members?" he asked. "When I hear this, I'm thinking I'm going to get a lot of email and be asked to attend meetings." Manning also wondered whether the terms "credit" and "union" didn't carry negative connotations.

Though the group did not resolve to stop using the terms "credit union" and "members" – at least for now – simply raising these issues revealed an underlying truth. Holding on to old models out of sheer loyalty won't help you navigate the road going forward.

"We have to get out of the mentality that when we do x, y and z, we can relax," said King. "We're living in a world of continual adaptation. It's an ongoing challenge."

Get What It Takes: The Best of Everything

Seeing the challenge ahead is only the first step. Living up to that challenge is equally necessary.

Internationally-recognized creativity expert Sir Ken Robinson thinks you have what it takes. "If you're a human being, creativity comes with the kit," he explained. At the same time, the typical adult is out of touch with

his or her inner innovator. In order for organizations to tap into latent creativity, they need to institutionalize a culture that values new thinking.

Why bother? An increasingly complex and rapidly-changing world demands it. "Ten years ago no one would understand if you said, 'Do you Tweet?'" There was no social

media. Remember libraries? Now we take it completely for granted. You can search 100 billion pages of the Internet on your phone, and if it takes more than 15 seconds, you get irritated. The thing about technology is, it isn't slowing down. It's getting faster."

While it's tempting simply to try improving your response time, reacting to change is a little like boxing with Manny Pacquiao: You take a lot of punches. Instead, Robinson believes in leading the charge. "The real survivors are not the ones that respond to change, but the ones who help to make it," he said. On an organizational level, this means providing the information needed to spark inspiration. It means encouraging mistakes – and perhaps building the structure necessary to fail within limits, so that individual misfires don't bring down your organization. Instead of viewing creativity as "special," think of it as a universal resource. Everyone can and should

contribute. As an organization, you should find ways to nurture that goal.

Don't believe your staff is sitting on a mine of great ideas? Consider the three finalists for the CO-OP THINK Prize. Here are three development-worthy ideas with the potential to rock this industry, and each began with a credit union staffer asking, "Why can't we do this?"

Creativity isn't the only measure of excellence. Customer experience expert Jeanne Bliss, author of "I Love You More Than My Dog," shared strategies for making your organization less ordinary and more beloved. In an industry that prides itself on excellent service, Bliss' ideas were less revolutionary than reinforcing. Still, her advice was spot on: Make exceptional service an explicit part of your plan and build the systems that support true service if you want your organizational identity to shine.



The benefit: Loyal customers, word of mouth, enthusiastic employees, lower recruitment costs, higher retention rates and great morale. The catch: Especially in a social-media-savvy world, this identity cannot be left to happenstance. “Beloved companies enjoy financial prosperity, but they also have something more,” Bliss said. “They have prosperity of the human spirit. Their customers become the army that grows their business for them. This isn’t ‘Kumbaya.’ It’s about creating higher margins and reducing costs.”

HGTV cofounder and branding expert Susan Packard was equally

optimistic about creating an organizational mission and defending your credit union’s identity. Just as cultures – and the policies and systems that support them – can foster creativity and service, your organization can succeed or fail at being a place where people want to do business, serve members and affiliate. “Once you live your values,” she said, “they will expand beyond your company to your customers.”

Offering the best of everything does not mean scoring the occasional knockout. It means entering the ring with the preparation, skills and heart needed to succeed – over and over again.

10 Things to Think About Today

1. Look at every touch point. Are members happy with your application process? Everyday transactions? Do you say you’re sorry?
2. Go social. If you’re not communicating with members in a two-way dialogue, look for ways to start.
3. Check out the cloud. Want to access new technology, be more flexible, arm yourself against disaster? Cloud computing may be for you.
4. Be mobile. Yes, members want it and you can provide it.
5. Inspire yourself. Learn something new, brainstorm with your staff, take a trip, cook, paint, volunteer, visit kids in the hospital.
6. Aim for outstanding. Virgin America created a mini-sensation when they engineered cool earphones for \$2. Now people wear them everywhere. Nothing has to be ordinary.
7. Upgrade your analytics. Serve your members better by getting to know them.
8. Have guts. Tony Hawk became a legend by doing what seems impossible. Yes, he has a great sense of what he’s capable of. But he also isn’t afraid to go.
9. Believe yourself. Think you have an idea that will improve your department, credit union or this movement? Get going. (And start prepping that THINK Prize application now).
10. Talk among yourselves. Isn’t everything better when we share intelligence?

Be Authentically You: The New Credit Union Difference

As credit unions reckon with a new reality and shore up their operations to deliver excellent products and services, they might be forgiven for asking a simple basic question: What are we doing? When financial transactions no longer require financial institutions, what is a credit union going to be? What will it do? Whom is it for?

Credit unions used to exist solely to serve their members. And, despite wholesale changes within our industry and culture, overwhelmingly that's still the credit union mission. The ways in which we serve our members may change, but serving our membership – and finding new ways to reach out to prospective members – is still the absolute goal.

THINK 11 found many members casting about for tactics. Industry sessions on new payment trends, debit card analytics, social CRM and cloud computing were keenly attended as members sought ways to re-imagine their credit unions and the services they provide.

But that wasn't all. The folks who squeezed themselves into the Grassroots Membership Growth workshop heard about a new program at Ventura County Credit Union that has employees going into farm fields with iPhones to sign up and serve agricultural workers who, traditionally, don't have bank accounts. Inspired by a program called iBelong, which has brought mobile banking services to rural Mexico, VCCU was delighted to use



brand new technology to promote its tried-and-true purpose: serving its community.

The program was only days old, but it was already a success in CEO Joe Schroeder's eyes. Why? It ignited passion among VCCU's employees. It simultaneously brought VCCU into a new era of mobile banking while reaching back to its roots in community service. And it reminded everyone at the credit union of what VCCU, authentically, is.

“Learn every facet of what you’re doing. I learned by default; I made a lot of mistakes. But it wasn’t hard times because I was doing what I loved. It was fun.” – *Tony Hawk*

Tony Hawk: Our Guy in the Sky?

At first glance it isn't obvious what Tony Hawk has to do with credit unions. But that's precisely why Hawk has something to teach us.

In business and on the skateboard ramp, Hawk took many spills. He didn't take this as a bad sign. Botched licensing deals? Scrapes, bruises, broken bones? He simply picked himself up, recalculated and tried again. Importantly, he didn't repeat his mistakes – but he didn't move on with the conviction that he would never crack up again either. Hawk's willingness to skate headlong into an unknown outcome was part and parcel of his genius.

It's possible that we should not attempt anything that Hawk has made famous. Landing the 900? No, not for us. Putting our names on video games? Also probably a no. Producing our own skate gear, marketing our own skating events, launching foundations that promote the skating lifestyle? No, no and no.

The page we can take out of Hawk's playbook is simpler than that. Learn, practice, do the hard work. Then strap on your helmet and go. You might fall. You might fly. Either way, you did something. Hawk became the greatest skateboarder who ever lived and the basis of a multimillion-dollar brand. He offers this one piece of advice: "My only secret is, I never quit."

"As an industry we're so involved with our net worth and regulators and the rest of the day-to-day operations that we've gotten out of kilter about the philosophy and passion behind being credit unions," Schroeder said.

Finding ways to connect new ideas to core values is an important piece of the puzzle, at least as Nancy Lublin sees it. Lublin is the founder of Dress for Success and CEO of DoSomething.org. She's also wrote "Zilch: The Power of Zero in Business," a handbook for organizations that want to do more with less.

Though Lublin came with a host of great ideas for actively promoting your organization, she also believes in the innate power of authenticity. Instead of hyping your organization, why not let the momentum of your own good work help fuel your success? Consider her four pillars of a successful brand:

1. **Simplicity.** You should be able to describe your value proposition in a single sentence.
2. **Uniqueness.** Are you the first/best/only one to bring this value to your community?
3. **Relevance.** Connect to your original purpose and stay relevant by liking your customers.
4. **Consistency.** Be consistent without any mystery; it's the key to repeat visits.

Connecting and reconnecting with the four pillars of success does more than put a good front on your organization. It gives direction and purpose to everything you do. And for all the discussion about what credit unions must do to keep pace



with change, Sir Ken Robinson had an important insight into what they might do to capitalize on their traditional strengths:

“There has never been so much distrust and dissatisfaction with financial services,” Robinson said. “People of my generation have never had more skepticism and cynicism, particularly toward Wall Street. At

the same time, there is in our culture an increasing reliance on self-help. We need to create communities and take care of ourselves. It seems to me that the credit union movement has both of those points working for it. It allows people to work together and to work with people they trust. I think there is an opportunity to reposition this movement as a social movement.”



“Negative comments are a gift. They’re authentic and they’re going to stay there (in social media). You have to figure out how you’re going to respond.”

– Porter Gale

Speak Up, Speak Out: Deliver Your Message

Positioning credit unions as a social movement isn’t far flung. As Bill Cheney pointed out, credit unions actually are social networks – they exist to help members help each other.

Getting the word out about it, on the other hand, is its own conundrum. Porter Gale, vice president of marketing for Virgin America airlines, knows a few things about leveraging marketing dollars by generating buzz. Her secret weapon is social media. Gale pointed out that Facebook now has 500 million users. If Facebook were its own country, it would be the third largest in the world.

Gale isn’t sure that financial services companies have cracked the code on engaging people via social media. Wells Fargo, she pointed out, has only 6,566 Facebook followers – hardly a groundswell for a company that size.

Virgin America has plenty of arms in its social media arsenal. For starters, it’s a cool company. Its archives contain – among about a million fabulous snippets – a photo of their social media dude with rapper-turned-reality-star MC Hammer and a story about their sister company Virgin Galactic’s spacecraft flying into San Francisco International. Of course people are tuning in. But Gale and her staff also make a point of keeping their social media efforts conversational. They post real events. They read Tweets and respond to them. “It means engaging an audience,” Gale said. “The conversation doesn’t go in one direction.”

Lublin and her staff are so adept at social media that they’ve become the fifth largest charity on Twitter. To all the credit union executives who expressed alarm at the idea of Tweeting to their constituents, Lublin showed no mercy: “You’re not too old to Tweet,” she said.

People Are Talking

- 22 percent of word of mouth is sparked by advertising.
- 78 percent is sparked by something else.

Source: Jeanne Bliss

“It’s off-putting to say that; it’s not endearing. It’s like your parents saying that Elvis shakes his hips too much. Twitter is free. It’s not too complicated. You can figure out it.”

King further suggested having your kids (or grandkids) show you the ropes on social media. Chances are good they have none of your inhibitions and a fair amount of knowledge.

Is social media the only space credit unions should explore? AAAA’s Nancy Hill said absolutely not. “Mass media is evolving; it’s not dying,” she said.

The trick is, understanding the new rules of media intake. “Kids think nothing of watching anything, anywhere. It’s not just one screen at a time anymore.”

Learning how to connect in a hectic, cluttered, conversational media environment is a major undertaking. But, as we saw in other areas – technology, vision, operations – mastery is not only desirable but inevitable.

Find Your Strength

Throughout THINK 11, we heard the call for collaboration. Whether the topic was developing technology or category advertising, credit unions found strength in their numbers – and in the cooperative spirit that enables them to draw together to create solutions, launch new ideas and evaluate results.

At CO-OP Financial Services, we consider our role as a provider of leading-edge products, services and strategic counsel to be our greatest value. Because of the cooperative nature of our industry, we can offer our members access to the best

technology – for ATMs, payments, mobile banking and more.

Beyond this, we’re an aggregator of ideas. At THINK conferences and throughout the year, we’re for collecting, presenting and promoting the kind of forward-facing thought we need to excel as an industry. These are exciting times to be part of the credit union movement. And of all the compelling things we heard at THINK 11, the most compelling were the voices of our many members exchanging ideas and support. The credit union movement is like no other: Its strength is in unity.

“Doing things creatively and differently is what gets your differentiation, and what people talk about in social media.”

– Porter Gale

“A powerful idea will overcome everything.”

– Sir Ken Robinson

Thinking About 2012

Make your plans to join us at THINK 12 in Florida at the Boca Raton Resort & Club, April 29-May 2, 2012. You can stay up to date at: www.co-opthink.org.

Remember also the competition is now on for the second annual CO-OP THINK Prize. Help us revolutionize the movement – and win \$10,000 – starting here: www.co-opthink.org/think-prize.



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