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# THiNK

## THINK AGAIN

Key Takeaways from THINK 12



OF YOU FOR YOU

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## Reinvention, Creativity and Cult Branding at THINK 12

We began with the proposition that anything was possible. If we look back over the past few years, that premise alone was a giant leap forward. Reinvent. Create. Be a cult brand. This was our countdown moment. From this launching point, the extraordinary lineup of rule-breakers and rocket scientists, rock stars and raconteurs at CO-OP Financial Services' THINK 12 Conference in Boca Raton, Fla., April 29-May 2, let the ideas fly.

And how they flew.

We took stock of the credit union movement, following one of the most remarkable years in recent memory. We found new ways of looking at our established businesses – through musical improvisation, data mining, cutting-edge engineering practices, aspirational marketing, and through our prospective

members' eyes. We celebrated our strengths, but also confessed our failures – and then marked the lessons we learned from those struggles. Our presenters made their best cases for breakthrough thinking, building an enthusiastic following and embracing life itself. Then we thought it out in groundbreaking discussions with credit union leaders from across the spectrum.

Summing it all up in a few short pages just isn't possible. So, for more details on individual sessions from THINK 12, check out our blog at <http://co-opthink.org>. In the pages that follow, we take a quick look at the mission that was THINK 12 – the insights, the conversations and maybe even the beginnings of transformation. As is always the case at THINK, we covered plenty of ground – and went to a few places we never imagined.

### We Begin With a Problem

We had a glorious year. In 2011, a large segment of our nation woke up to the innate problems with big banking and sought out an alternative. That alternative was credit unions. A private citizen fed up with her big bank led the Bank Transfer Day movement, and millions of people listened. If a soothsayer had predicted this outcome at THINK 11, no one would have believed it.

A THINK 12 workshop on Bank Transfer Day case studies said it all. At BECU in Seattle alone, 28,744 new members signed on in the last quarter of 2011. BECU saw a 50 percent increase in new loans and new deposits of \$280 million.

Did we say there was a problem?

"The CUNA 2011-2012 Survey of Potential Members tells the story of a grand opportunity missed," said Caroline Willard Lane, CO-OP Senior Vice President of Business Development and Marketing. It's not that Bank Transfer

Day – and, indeed, an entire year of disenchantment with conventional banking – did not make an impact. It's that the impact could have been so much greater: "We were making cutbacks in marketing at the same time consumers were looking for alternatives."

Neil Goldman, Senior Partner at Goldman Consulting and Strategy, filled in the blanks with fresh consumer research. What did he find? Credit unions overwhelmingly win on word of mouth. Using the net promoter score (indicating how likely a person is to recommend a company), credit unions scored 59.2 percent while their bank competitors weighed in at negative 4.3 percent. "We've never seen this kind of differential before," Goldman said. "So why aren't we seeing the same kind of differential in growth rates?"

One answer: Consumers don't know who we are. "I've never seen any kind of advertising for any credit union. I always

Neil Goldman



thought of credit unions as debt collectors. I had no idea what a credit union was. If I had known about credit unions, I would have chosen one in a minute," said Amanda Ackner, a focus group member who shared her opinions on stage at THINK 12.

Another focus group member, Juliana Gaita, said she had never seen a credit union location in her town. Of 500 consumers Goldman surveyed nationwide, 60 percent didn't know whether they were eligible to join a credit union. "We need to build awareness so that we're in the consideration set," said Goldman. "If people don't have awareness, we can't even be considered."

But awareness isn't the only issue. Financial services aren't always a fun sell. "Consumers have high pain thresholds and low expectations," said Goldman.

"Banking is a maintenance activity for them. They aren't playing to win; they're playing not to lose."

In turn, "We don't wow them in any way," Goldman continued. Unless consumers are inspired to make a change – with a renewed sense of community, winning technology, a personalized connection or something – motivation is a factor.

To recap: Consumers want alternatives. Credit unions can provide those alternatives. But until credit unions can analyze, optimize and promote their unique brand of financial services in ways they haven't done before, there will continue to be a gap between supply and demand.

"Jonah Lehrer says, 'Every creative journey begins with a problem,'" said Lane. And so our journey at THINK 12 began.

## So, This Is the Future?

In a session on "Growth Through Marketing," Troy B. Hall, Chief Operating Officer, South Carolina Federal Credit Union, based in North Charleston, S.C., gave us the following statistics to think about:

- 17 percent of the population is between 18 and 24.
- 4 percent are credit union members.
- 24 percent of Gen Y doesn't care about the difference between banks and credit unions.
- 38 percent of Gen Y is very satisfied with their current banking relationship.
- 16 percent of Gen Y believes branches are important.



Jeff Baxter

## Time to Improvise

Credit unions want to retain their core identity. Can they change to accommodate an evolving world without losing that identity? Grammy-winning guitarist Jeff Baxter thinks so. Although Baxter is not an expert on credit unions per se, he does know a thing or two about improvisation. Not only did he spin his knowledge of musical technology into a new career as a weapons expert, but he also demonstrated to the THINK 12 audience that the same song (in this case, Steely Dan's "My Old School") can sound totally different depending on how you play it.

Break anything down into small enough components, said Baxter, and you'll reveal options you haven't considered – and commonalities where you don't expect them to be: "Musicians and athletes look at analysis and synthesis differently. We aren't linear. We'll look at things from many angles."

What does this have to do with credit unions? Credit unions aren't doing everything wrong. In fact, they're doing most things right – particularly by offering consumers a safer, more humane way to access financial services. We don't need a whole new song. We need a new way to play it.

"Consumers don't want to give up the utility of banking," said Goldman, "but we need to ask if there are ways to make banking more enjoyable, relevant and connected to people's daily lives. We need to move beyond thinking of financial services as maintenance to looking for ways to provide enhancement." What would make dealing with a credit union better?

As part of this reality check, consider that many changes are already afoot. Banking

expert and THINK 11 alum Brett King, author of "Bank 2.0," noted the following:

- In 2000, 59 percent of payment transactions were done by check. In 2011: 3.2 percent.
- Between 2010 and 2015, there's going to be a 17 percent reduction in cash transactions in the U.S.
- At a typical credit union with 100,000 members, each day 300 members will call or email; 850 members will visit the ATM; 2,200 will use a mobile app; 7,500 will visit the website; 80,000 will use plastic to make a transaction and 100 members will visit a branch.

"The branch is no longer a relationship channel the way we think it used to be," said King.

In our focus groups, consumers indicated again and again that branches symbolize size and stability. Even people who don't use the branch often – or at all – consider physical location to be a reassurance. If there's a problem, here is a place to resolve it. If I want to know where my money is, I have a place to point to.

Credit unions that want to reach members, however, may have to think outside the branch and include other ways of connecting. "If you want to give your members advice, what's the best way to give it?" asked King. "What if, as you were walking past the Starbucks, I told you on your mobile phone that you had already spent \$400 this month at Starbucks? Would you give Starbucks a pass? You might."



Brett King

## What Do They Want?

50 percent of our focus group said, "mobile banking."

## Numbers Game

“Just because a number exists doesn’t mean it’s important. Some numbers had no impact on whether or not we would win. When we started this, getting on base was the seventh highest-paid skill in baseball. Now it’s the highest paid.” – Billy Beane

Billy Beane



## Use Your Intelligence

If you saw the movie “Moneyball,” you already know how Oakland A’s General Manager Billy Beane changed the game. If you haven’t seen the movie, then know this: Beane’s revolutionary approach to interpreting player statistics allowed a budget-strapped team to compete and win against the richest teams in baseball.

Beane acknowledges that his statistical approach was different, but also points out that anyone could have done what he did. “We invented nothing,” he said. “People outside the industry had been saying for years that there was a more efficient way to run a baseball team.” All Beane did was step up to the plate.

You can too. Running throughout THINK 12 was the rogue notion that you already have more intelligence than you think. And what you don’t know, you can probably find out.

Gilt Groupe cofounder Alexis Maybank is a master of many things, among them customer intelligence. Gilt Groupe – an online luxury retailer that delivers the glam and the drama of designer sample sales to five million registered members daily at noon – isn’t succeeding by expansion. It’s succeeding by curation. That is, every customer email (and they go out every day to everybody) contains handpicked information tailored specifically to each member’s buying habits, demographics, psychographics,

Alexis Maybank



media consumption, and even friends’ purchases. There are 3,000 iterations.

“There’s a paradox of choice that says too many choices overwhelm people,” said Maybank. By narrowing the field of choices, Gilt creates an experience that’s not only simpler, but more personalized. “Customers say, ‘Gilt Groupe really gets me,’” Maybank explained.

For credit unions, the parameters may be different. Consumers are notoriously slow to change financial institutions, but Goldman points out they will switch in response to a major life change – for instance, a move. “Are we doing enough to find and reach out to consumers who are undergoing a life change?” he asked.

Credit unions have access to the same kinds of data Gilt uses to profile its members. If you use a portfolio management tool like CO-OP Total Revelation, you also have a wealth of spending data right at your fingertips. True, there’s an art to interpreting and using this intelligence effectively. But the point is, the intelligence exists. Could you use it to reach out to members more meaningfully, create relevant products and services and personalize your contact with members?

All signs point to “yes.”

## Jeff Norris on Rocket Science and Risk

“It’s important to understand what your rocket science is. In our missions, we have a launch vehicle and a payload – the part of the mission that is really critical. If you can, cooperate with other people on building your launch vehicle. Don’t start by asking, ‘How do I build this?’ You might even ask whether someone else can build it – if there’s a way you can outsource – so you can concentrate on the payload that is most important to your mission.”



Jeff Norris

## Creativity, Commitment, Failure, Success

So if growing a credit union entails the original problem of overcoming the mundane, then it follows that a flash of inspiration or insight could change your business. What we heard, again and again, from THINK 12 presenters, though, was that a single flash is not sufficient.

CO-OP’s Caroline Lane referred to LinkedIn founder Reid Hoffman’s notion of permanent beta, in which all parts of the organization function but everything is subject to improvement. Where THINK 2011 saw the beloved Sir Ken Robinson urging attendees to spark creativity in their everyday lives, 2012 was the year of celebrating failure as a key to constant innovation.

Wait, really?

Jeff Norris, whose work at NASA’s Jet Propulsion Laboratory involves managing teams that send missions to Mars, contended that it’s not only important to risk failure, but to welcome it into the process. “We fail on a regular basis,” said Norris. “We aren’t being asked by the American people to do things that are easy. If we aren’t failing some of the time, we aren’t trying hard enough.”

Maybank also eschews the theory that success can happen in a single big bang. You have to wow your members, she says, “but the ‘wow’ doesn’t have to be big and splashy. Do 100 small things. It’s the 100 small things you do every day that make your identity.”

Putting yourself on a rapid cycle of innovation, trial and error means setting yourself up for hard work – and a certain amount of failure. According to Maybank, that’s a good thing. “There is no roadmap to Internet marketing,” she said. “There is no roadmap to building your brand online. What’s really important is that you’re willing to experiment and you’re willing to try a lot of things; that you build into the fabric of your organization the ability to test and iterate, see what works and what doesn’t, learn from those failures and try again.”

ESPN anchor Chris Berman, who has survived everything from covering drunken darts tournaments to broadcasting with eau de skunk in the studio in his decades at ESPN, also expressed a fondness for the bumpy road. “Not all risks pay off,” said Berman. “Life is a series of increasing your odds. You hope you’re in it long enough to see a payoff.”

## Creating the Mystique

Berman’s adventures in broadcasting might be the perfect vehicle to get us to the next topic. It’s more mysterious than an operational improvement, more elusive than permission to fail. It’s the missing ingredient in our recipe for world domination and Berman has it in spades.

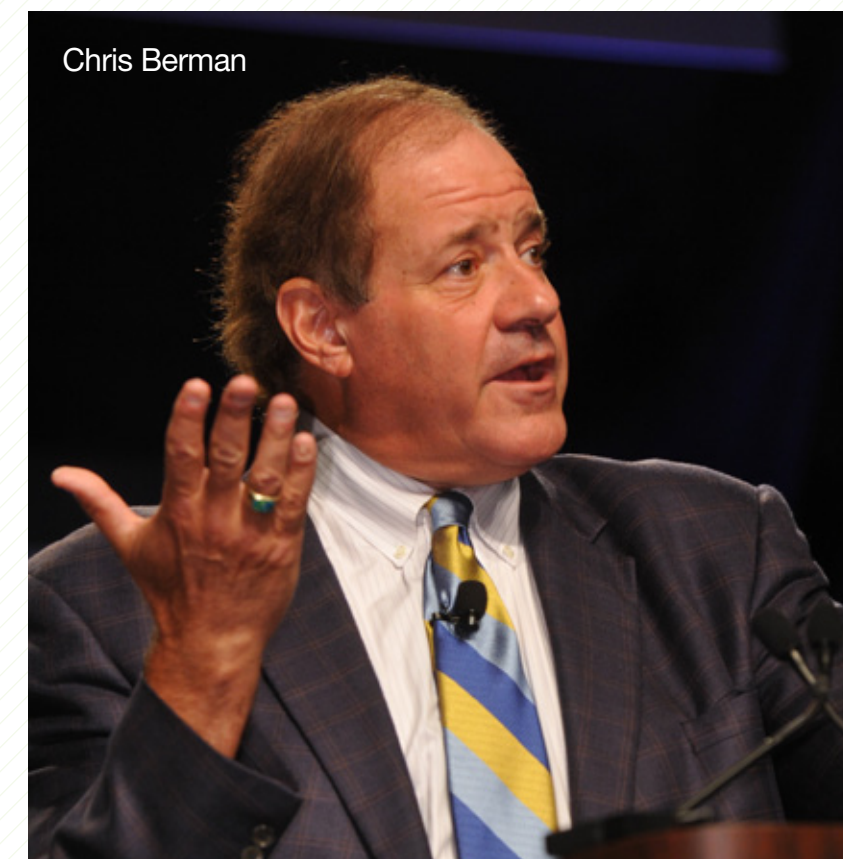
Want to know what it is? Just listen to Berman. No really, listen. Whether he’s talking about the most recent NFL draft or a conference of car dealers he attended years ago, he tells you the story like you’re sitting next to him in a bar. You might not like talking about sports. You might not like sitting in bars. But it’s hard not to like shooting the breeze with Chris Berman.

Berman describes the magic of cult branding this way: “It’s like being in on a secret,” he says. “What credit unions are doing is ‘cult’ on some level. Not everybody trusts every bank. But what you’re doing – people believe in it. They feel like it’s their little secret. People think, ‘We’re in this together.’”

Or at least we hope they do.

It’s the same feeling that has people rushing the virtual gates at Gilt.com when the sales kick off at noon Eastern Time. Gilt makes 75 percent of its \$500,000 in daily sales during the first two hours of every sale. Why? No one wants to miss out on the good stuff.

If you’re lucky enough to do your grocery shopping at Trader Joe’s, you know that stepping through the automatic doors there has nothing to do with “maintenance” shopping and everything to do with the treasure hunt. Faced with competition from supermarkets on one side and convenience stores on the other, Trader Joe’s made its own category by combining gourmet eclectic products with down-to-earth prices in an atmosphere of high kitsch. Trader Joe’s was completely original – the very thing consumers never knew they wanted.



Chris Berman

## Don't Ask

"Henry Ford was right when he said, 'If I had asked the customer what they wanted, they would have said, "A faster horse."'"

– Doug Rauch

Doug Rauch



## More Mystique

"We changed the nature of the relationships we had with customers by looking at the business through our customers' eyes," said former Trader Joe's President Doug Rauch. By creating "destination products" through private labeling and staffing up with folks who could connect with customers, Trader Joe's made grocery shopping into something only they could deliver.

The question, of course, is whether credit unions can follow suit. Debate ensues about how credit unions might get there – by being aggressive with technology, by launching a national awareness campaign, by giving the movement a new name. Someone

asked whether potential members might like to be called "owners" instead of "members," to which one focus group participant shot back, "Who wouldn't want to be a member of something?"

So the answer will be more complex than we know right now. Credit unions already have many of the elements of a cult brand: exclusivity, trustworthiness, excellence. If we can show our genius at anticipating consumer needs, generating greater intimacy in an increasingly virtual world and finding our own brand of magic, cult status shouldn't just be attainable. It should be practically inevitable.

## Continue the Conversation: Say it Loud

Over and over at THINK 12, we heard the same comment: The best part of THINK is the conversation. And indeed four days of nonstop brainstorming, collaborating and questioning is good for the collective soul.

But in order for the conversation to have wider meaning, it's clear that we as a movement need to speak up – about our ideas for change, our wins and losses, our place in the world of financial services and our role as success agents in our members' lives.

We aren't talking about a whisper campaign. It's time for a breadth of ideas:

- Social media. Don't use it to sell; use it to participate in the conversations that are already happening about your credit union. Tell your own story by highlighting community involvement, interesting employees, memorable members. Also consider advertising on Facebook or other relevant sites.
- Advertising. Yes, it's expensive and yes, it raises visibility. Even if you can't afford a massive campaign, it might be time to think about some modest ones.
- Cooperative marketing. Have you checked out "I am a credit union" at Mitchell, Stankovic and Associates? It's cooperative social marketing at its best.
- Earned media. Tell your story to the press. It's not spin; it's information. "You have to do it in a way that honors the trust we've built with the media and bloggers. We also have to accept that if we're going to be more visible, we're going to be targets of scrutiny," said CUNA President/CEO Bill Cheney.
- National signage. We learned from focus groups that consumers don't differentiate between branches, ATMs

and other points of contact (it's all "locations" to them). We also learned that consumers don't "see" credit union locations around town. Maybe it's time for unified branding that tells the public they can "C U Here."

- Engagement. Think promotions are just talk, talk, talk? Host a free dog wash during the dog days of summer like Debbie Larson at Dakota Plains FCU did.
- [www.aSmarterChoice.org](http://www.aSmarterChoice.org). Support CUNA's online credit union finder because if consumers can't find you, they can't join you.

Do we really have to talk about it? Well, yes. Because most people still don't know if they're eligible to join a credit union. And those who know can't figure out how to find the right credit union for them. And even some credit union members don't realize they can use any of 28,000 ATMs without incurring a fee.

The good news is, talk is cheap. In fact, it's free. And when we talk freely, something interesting happens. We find we have ideas. We can envision change. We can voice our concerns, push past failure, refine, innovate, evangelize, dream.

At CO-OP, our dream is for the movement we serve to realize its true potential. Collectively, we have everything we need – from core products and services that create strength in numbers to new ideas and technologies that will serve our industry well into the future. As a movement, we have the vision, skills, chutzpah and charisma to change the world of financial services. We think, and everything is possible.



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