

Embracing the Change Necessary to Achieve Growth

April 2019

Hmmmmmm?

Chasing Parity Is Not Competitive

Classic CU Value...Focus On The Main Thing

Our members, staff and community deal with many obstacles to financial success. We solve problems!!!

How do credit unions deploy resources to mitigate and **improve the human condition** of our market footprint?

Growth Stuff To Think About...

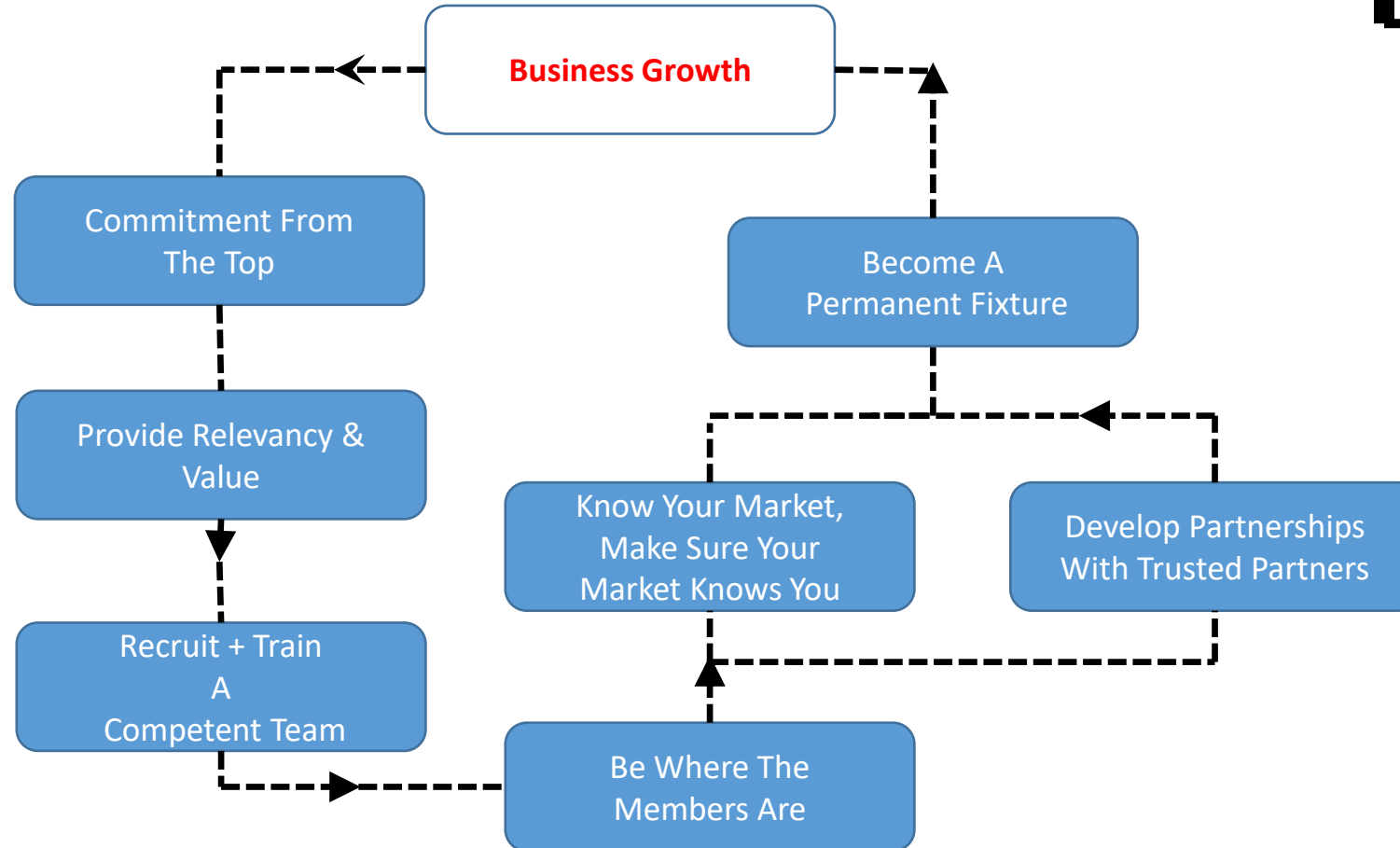
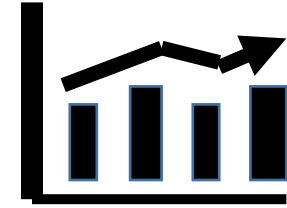
- **Nobody shrinks into greatness.**
- **The CU must be “the thing to do” for consumers.**
- **You may not have the sustainable competitive advantage you think. Advantage evaporates in a heartbeat.**
- **Industries are amorphous...competition is unpredictable.**
- **Don't over-deliver without effective payback.**
- **Stability is not the goal...continuous change is the goal.**
- **Deeply imbedded assumptions trap good leaders.**
- **Strategic planning requires institutional curiosity.**

What Do Consumers Want Today?

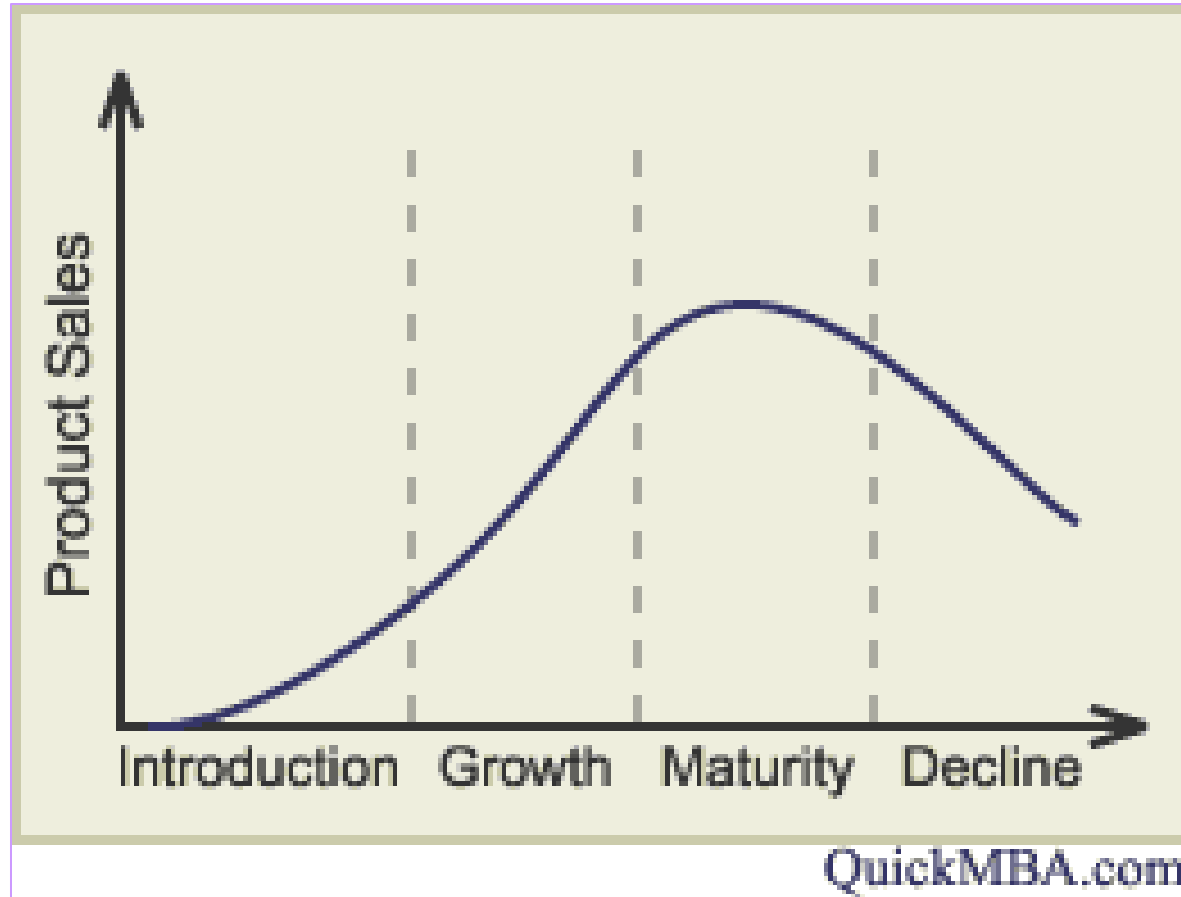
- Make it easy to complete frequent transactions
- Fix my problems efficiently
- Have an excellent reputation
- Fully trusting
- Fair rates and fees
- GET ME...Understand my uniqueness



How To Get The Business The Road map To Success



I'm Bullish On CU Value Opportunities...



What is Happening on the Growth Curve?

You are “Essential & Significant” in peoples lives by solving their problems, their habits, & their needs. Compliment their daily lives. Ask Questions!

You are “Unique” & have a differentiator that matters.

You have great people doing great things.

“The Modernization Movement”

Where are you on the continuum?

“...I have become a student of how institutions outlast generations that created them. How do we live up to the ideals that first made them, but always question the status quo?” ----Satya Nadella CEO, Microsoft

“Member Experience” Demands...

- Understanding the Member’s Unique Journey
- Stay Plugged in to Member Circumstances
- Overcome the perception of “Cutting Corners”
- Retrieving data and using it to improve the MX
- Digital Personalized Marketing
- Solving Problems, Simplifying Processes and Eliminating Silos
- Always close, always accessible and full of advice

Some Things To Consider...

A Planning Session Recap

2020-2022

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Drucker Institute Cites 5 Dimensions To Success...

- Employee Engagement & Development (Corporate Culture)
- Financial Strength
- Customer Satisfaction
- Innovation
- Social Responsibility

Ask Yourself the ?s and be Honest...

- Are you moving at the “Speed of Member”?
- Is the window of time called “Wait & See” just about closed?
- Does your risk-aversion equate to under investment?
- Do we have consistent member experiences across all channels?
- How wide is the “Personalization Gap” to meet the NEW MX?

Let's Talk The Down & Dirty Dynamic Direction

- Is “Mobile” first?
- Is the focus “Anytime/Anywhere” delivery?
- Has MX overtaken “service” in the leadership ranks?
- Is “Loan Origination” and “Payment Wallets” being discussed?
- Is your “Legacy System” being replaced by “Cloud Computing”?
- Is “Speed to Market” and “Flexibility” seen as drivers?

“I have always believed that while you can't always control your circumstances, you can control your response to them.”

Dr. Condoleezza Rice

So Where is The Differentiation?

Expansion of who we are what we do... i.e. User Attention

Gaining attention is the currency to growing the brand and the business.

What are you doing to draw attention...we have half the solution?

Digital Transformation to Enhance Member Experience

DX = MX

(It's a Biz Decision not a Tech Initiative)

Sounds Like Some Fancy Words That Really Mean What...

Balance Digital Delivery With The Human Touch...

CU Digital Needs To Be Much More Powerful And Effective...

And...The Human Side Will Need To Play A Very Different Role

Where Should We Be?

The most appropriate level of DX for your credit union is at any level above the current one.

The Pathway To Investment...

- Business the Ol' Fashioned Way
- Exploration Ensues
- Starting to Make The Smart Bets (i.e. mobile)*
- Spending Money Toward a Clearly Defined Strategy
- Innovation is 2nd Nature...It's What Your CU does

*Most of us are here...pedaling to the next level

Sounds Expensive...

Should we be worried about the Law of Diminishing Returns?

“Until you put the money where you say your strategy is, it’s not your strategy.” ---Emma Walmsley CEO, GlaxoSmithKline

The Hardest Thing About Big Investment Is That While Long-Term Benefits Are Profound, There Is A Short-Term Cost

We may be of the age and job tenure that we never see the shade cast from the trees we're planting

Where's The New Revenue Being Generated

- Improved Member Experience Equals...
 - Less Churn (close the back door)
 - Longer Member Lifecycle
 - Cross-Selling
 - Up-Selling
 - Meaningful Referrals
- Operating Efficiencies
 - Less Manual & Costly Work
 - Better Results Faster
 - Smarter Decisions without Guesswork

Strategically Speaking...What's In The Way?

- Long-term Investment
- Uniformly defining what “going digital” means?
- Do you have the talent to execute on the needs going forward?
- Are you ready to disrupt or just continue to be iterative?

“...The culture of (Sam) Walton stood for the supercenter store model, but that isn't the credential one needs to build the next phase of Walmart.” ---Walmart Executive Rick Bendel

And You Think DX Is A Big Deal...

Digital may be the delivery channel, but are you bringing a hyper-personalized warmth to the transaction/relationship?

Time to blow your mind...

The paradox of digital is that more digital means more demand for all things human and intimate...

SAY WHAT????

Where's this leave our investment in branches?

They have an outside effect on our bottom line

Digital & Branches Come Together

Cleverly referred to as “Phygital Delivery”

Note: Wish I would have thought of that!

Branches Take On A New Role...

- A place to gain expertise
- Find out what is available and how to incorporate in the MX
- Enhance the member's desire for human interaction, empathy, warmth, context
- Build Relationships
- Product-demonstration spaces
- Showcase for the latest and greatest
- Conversation leads to cross-sell
- Teach members how to do all the work
- Builds loyalty & trust...become the protector

What's It All Mean To Your CU...

- Provide opportunity for Revenue Growth and Cost Cutting
- Modernized Infrastructure including modernized workforce
- Better Self-Serve
- Heightened, personalized brand awareness
- More efficient operations
- Increased profits
- Better Differentiation
- More Competitive