Appetite for Disruption
Focus
Simplicity
Execution
“Radical today is basic for tomorrow.”
Radically Refine Your Board:

• Its role...

• Its design and dynamics...

• Its focus...
Innovator’s DNA

Associate

Experiment  Question

Network  Observe

Rising Above

ENTERPRISES
Innovation in Credit Unions

just4you

Credit Union Career Corps
Innovation in Credit Unions

ceotsus

THE GREAT CREDIT RACE

relaunch
Save Up. Start Again.

Rising Above ENTERPRISES
Innovation in Credit Unions

NIX Neighborhood Lending

TruCircle

Rising Above Enterprises
Look Out Branches

**Delivery Channel Adoption**

- **Online banking***
- **Mobile banking**
- **Debit card**
- **Branch banking** (at least once in the past 12 months)
- **ATM**
- **Direct deposit**

*Online banking includes PC banking*
Per-Transaction Costs (by channel)

- Branch: $4.00
- Call center: $3.75
- Interactive voice response: $1.25
- ATM: $0.85
- Online: $0.17
- Mobile*: $0.08

*Mobile transaction costs may vary for different providers.
BANKING TODAY

INDEPENDENT CHANNELS
WITH FRAGMENTED IMPACT

BANKING TOMORROW

INTEGRATED CHANNELS
AND GROWING INFLUENCE
## Key Number

97.8% of the value of innovations goes to imitators.

### Imitators Often Overshadow Innovators

<table>
<thead>
<tr>
<th>Innovators</th>
<th>Imitators</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE CASTLE</td>
<td>MCDONALD'S</td>
</tr>
<tr>
<td>DINERS CLUB</td>
<td>VISA, MASTERCARD, AMERICAN EXPRESS</td>
</tr>
<tr>
<td>KORVETTE</td>
<td>WAL-MART</td>
</tr>
<tr>
<td>SAEHAN MPMAN</td>
<td>APPLE IPOD</td>
</tr>
</tbody>
</table>
Singles and Doubles

The diagram illustrates the probability of failure for different categories of product or technology launches. The x-axis represents the intended market, with categories ranging from 'same as present' to 'new to the company'. The y-axis represents the product or technology category, with categories ranging from 'same as current offerings' to 'adjacent to current offerings'. Each category is marked with a probability range: 25-40%, 40-50%, 45-60%, 60-75%, and 75-95%.
No More Shiny Objects Model

- Bottom Line
- Strategic Fit
- Ease of Execution

100
10
3
<table>
<thead>
<tr>
<th>Service</th>
<th>Revenue Potential</th>
<th>Strategic Fit</th>
<th>Ease of Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targeted M &amp; A</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Support Services to Credit Unions</td>
<td>2</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Additional Branches</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Financial Advisory</td>
<td>4</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Participation Lending</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>
Building Your Business Case

Innovation

- Real?
- Win?
- Worth?

Market
- Product
- With product?
- As Credit Union?
- Return: risk
- Strategic Focus?
Great by Choice

Jim Collins

Morten T. Hansen

Uncertainty, Chaos, and Luck—Why Some Thrive Despite Them All
• Examples:
  - Be THE credit union for our FOM.
  - Products/member; account penetration; profit/household.
  - Data mining; target marketing; predictive analysis; outbound marketing; target surveying; mobile use.
Innovation; Strategy; The Top Line

Purpose

- Growth; Expansion
- Deeper Relationships
- New Products
- New Niches
- New Geography
- Member Leverage
- New Revenue
10 Ideas – Culture of Innovation

1. Anticipate and congratulate innovation.
2. Ask hard questions: What’s working and not?
3. Stay in direct contact with members.
4. Include many departments.
5. Let the innovators sort out problems.
10 Ideas – Culture of Innovation

7. Invest in good ideas.
8. Get out of bad ideas.
9. Don’t cold shoulder the innovators.
10. Get your front line involved.
Focus

Simplicity

Execution
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