

A PUBLICATION
FOR FINANCIAL
PROFESSIONALS

BOLD MOVES

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The Deluxe Knowledge Quarterly™ KQ4 2011



COLUMNS & DEPARTMENTS

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Here are just a few of the inspirational ideas you'll find in this issue of *The Deluxe Knowledge Quarterly*.™ Try them at your institution — and see a real difference.

— The Deluxe Knowledge Exchange Team

Putting It Into Practice

Become a natural innovator

Adopt the five discovery skills shared by the world's best innovators to transform more good ideas into real-world innovations. *Developing Your Innovator's DNA*

Strengthen your value proposition

Clear, compelling value propositions can profoundly influence your ability to develop profitable long-term customer relationships. *What Do You Propose?*

Turn turmoil into transformation

Success in times of chaos comes from a combination of knowing what not to change and having the courage to make changes everywhere else. *Thriving On Chaos*

Branch out digitally

Gain new competitive advantage by developing a full-service digital branch that capitalizes on mobile technologies and social media. *Forward Thinking*

Promise and deliver

If you promise something of value and then consistently follow through on it, customers will stick with you through good times and bad. *On Following Through*

Go For It



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Something excites me about every issue of *The Deluxe Knowledge Quarterly*. Sometimes it's one article or idea in particular. This time, it's the whole thing. I am thrilled we are dedicating an entire issue to the concept of bold moves — of taking decisive action to improve service, reengage employees and beat the competition.

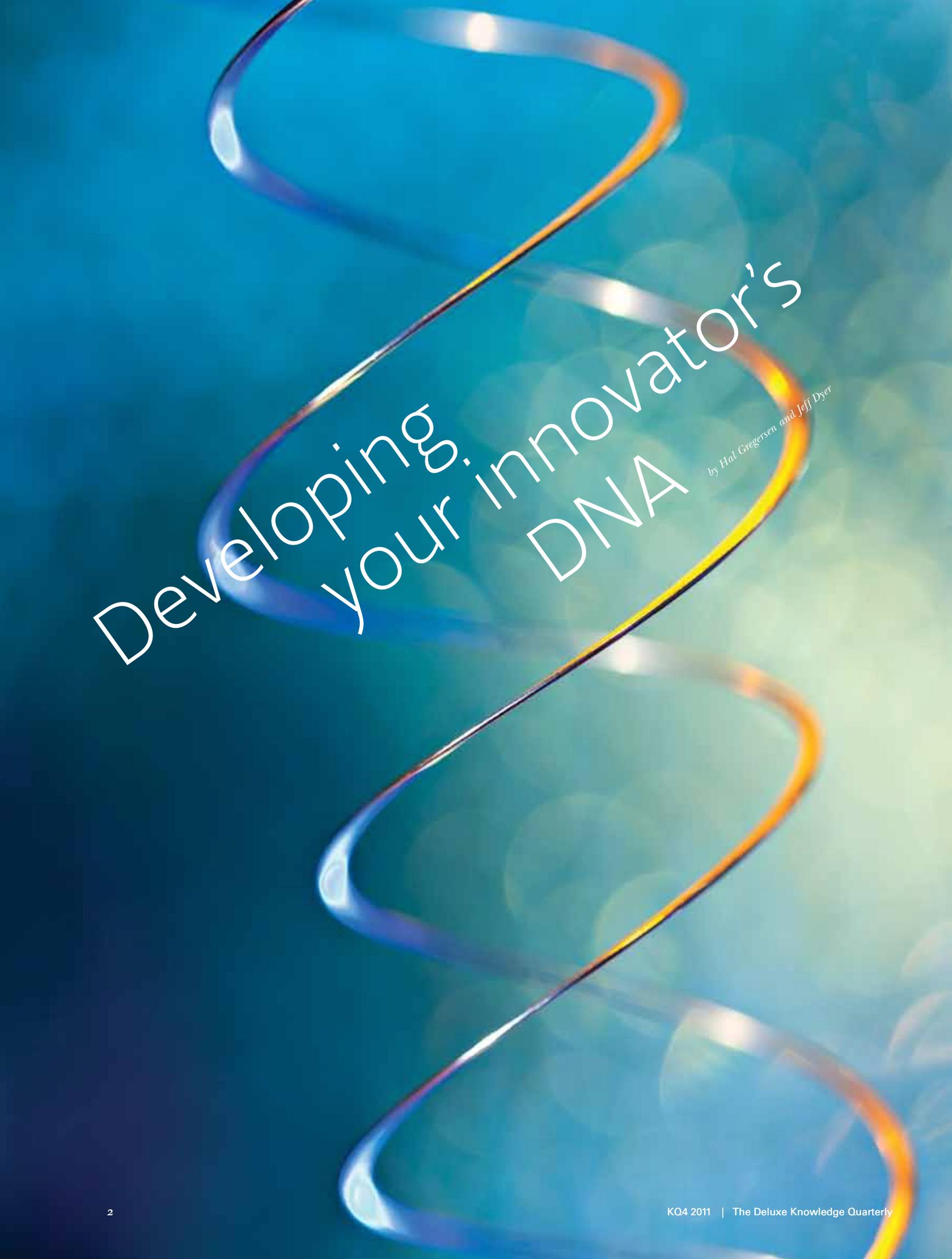
These are encouraging times. We are fully recognizing the power of committed employees and loyal customers, and we finally — finally! — see how profoundly such conditions contribute to a healthy business. The conditions are also right for us to venture outside the comfort zone and try something new. All of the articles that follow urge us to go for it now, with valuable insights on how to make bold moves with the best chances for success.

On page 6, John Spence reduces bold moves to a tidy algebraic formula, identifying talent, culture, focus and execution as the necessary inputs for effecting positive, profitable change. Raj Patel urges us to rethink the role of technology (page 12). And what “bold moves” discussion is complete without talking about disruptive innovation? We're pleased to hear from an expert on the subject, Hal Gregersen. On page 2, Gregersen explains how to become one of those people with a knack for seeing opportunity and making bold, smart moves to capture it.

Speaking of bold moves, I'd like to acknowledge the departure of my longtime friend and colleague, Tom Morefield, who has chosen to take the daring step of adding another chapter to his career. Tom began at Deluxe in 1984 and has been President of Deluxe Financial Services since 2008. We were very lucky to have him all these years. I thank him and wish him all the best.

I look forward to introducing the new President of Deluxe Financial Services in the next issue. Meantime, I hope you find something that excites you in this one.

Martie Woods
Chief Experience Officer
Deluxe Financial Services



Developing your innovator's DNA

by Hal Gregersen and Jeff Dyer

Three steps to optimizing your skills at innovation.

Years ago, entrepreneur and humorist Arnold Glasow concluded that “improvement begins with I.” We couldn’t agree more when it comes to becoming an innovative leader.

Our book, *The Innovator’s DNA* (co-authored with Clayton Christensen), distills the results of our research on how the most innovative leaders at the most innovative companies in the world develop disruptive ideas. Our interviews with more than 100 high-profile innovators (like Jeff Bezos at Amazon) and surveys of more than 5,000 executives and entrepreneurs uncovered five powerful discovery skills. Specifically, we found that innovators:

1. *Question the status quo*
2. *Observe like anthropologists*
3. *Network for new ideas*
4. *Experiment by trying out new things, taking things apart, and testing out prototypes*
5. *Engage in associational thinking by connecting the unconnected*

In short, innovators consistently act differently to think differently.

We suggest three steps for adopting this Innovator’s DNA. Combined, these steps can help you build the relevant innovation skills required to make a stronger impact both within and beyond your financial institution.

Step 1: Assess your discovery skills

To get a snapshot of how strong your discovery skills are, take a moment to rate the ten items on the next page. Remember to answer based on your actual behaviors, not what you would like to do.

You can also visit InnovatorsDNA.com to complete a more comprehensive 70-item online self-assessment, or complete a 360-assessment for a more refined, specific sense of your discovery skill strengths.

Step 2: Identify a compelling innovation challenge

After assessing your discovery skill strengths, the next step is finding a specific, current

innovation challenge or opportunity to practice your discovery skills.

This challenge might range from creating a new product or service, reducing employee turnover, or coming up with new processes that reduce costs by 5% in your business unit. With your innovation challenge clearly in mind, develop a plan to practice some of the discovery skills as you search for creative solutions.

Step 3: Put your discovery skills to work

To conquer your innovation challenge, practice your questioning skills first, since innovation often starts with a compelling question. For example, take five minutes for the next 25 days to write down as many questions as you can about your innovation challenge. After strengthening your capacity to question, identify your strongest skill among observing, networking and experimenting, and apply it to your innovation challenge.

Assessing your overall discovery skill strength.

Finally, engage in frequent brainstorming sessions (alone and in groups) to practice associational thinking. By putting your discovery skills to work on a specific innovation project, persistent practice not only develops mastery, it delivers results. The disruptive innovators in our research did precisely that, either consciously or unconsciously. They practiced skills relentlessly, on almost anyone or anything they interacted with, to solve problems they cared about.

The mystery of innovation is far less mysterious when people practice the innovator's DNA skills so regularly that they become habits. This takes time and self-discipline, so start with realistic expectations and actively allocate time to improve your discovery skills.

Most of all, remember that as a leader at your bank or credit union, your personal development efforts send a serious signal to your team about how high innovation ranks in your priorities — and how important it might become to theirs.

STRONGLY DISAGREE					STRONGLY AGREE	
1	2	3	4	5		

- 1. Frequently, my ideas or perspectives diverge radically from others' perspectives.
- 2. I regularly ask questions that challenge the status quo.
- 3. New ideas often come to me when I am directly observing how people interact with products and services.
- 4. I often find solutions to problems by drawing on solutions or ideas developed in other industries, fields, or disciplines.
- 5. I frequently experiment to create new ways of doing things.
- 6. I regularly talk with a diverse set of people (e.g., from different business functions, organizations, industries, geographies, etc.) to find and refine new ideas.
- 7. I attend conferences (on my areas of expertise as well as unrelated areas) to meet new people and understand what issues are facing them.
- 8. I actively seek to identify emerging trends by reading books, articles, magazines, blogs, and so on.
- 9. I frequently ask "what if" questions that provoke exploration of new possibilities and frontiers.
- 10. I regularly observe the activities of customers, suppliers, or other organizations to get new ideas.

_____ Total your numbers from these ten items to assess your discovery skills.

- 45 or above:** Very high
- 40 – 44:** High
- 35 – 39:** Moderate
- 29 – 34:** Moderate to low
- 28 or below:** Low



Hal B. Gregersen is a Senior Affiliate Professor of Leadership at INSEAD (based in Paris and Boston) and a Senior Fellow at Innosight (an innovation consulting firm founded on Clayton Christensen's disruptive ideas). He is a former Fulbright Fellow and visiting professor at Dartmouth's Tuck School of Business and the London Business School. He is a frequent keynote conference speaker on leading innovation and strategic change, and regularly delivers executive education courses to leading corporations and universities around the world.

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What Do You Propose?

The influence of the value proposition on customer and member loyalty.

A clear, compelling value proposition provides a strong first step to a positive customer experience.

High shopping season has come and gone once again. Most of us automatically buzzed among our favorite retailers, without giving much thought as to why we favor certain merchants over others.

What really informs these decisions? Is it the obvious factors, such as a store's proximity to home or the pleasant experience it provides? Or is it something deeper?

Might we choose stores that offer value propositions that resonate with what we value ourselves?

Many go to Walmart, for instance, for its "low prices every day." Others go to Target for "affordable design." These value propositions are difficult to separate from the brands — and both exert profound influence on customer loyalty.

Now let's turn to the banking industry. Why do customers and members choose their financial institution? Do you have a short, memorable value proposition that customers can easily recall to explain why they bank with you? Like it or not, banks and credit unions provide a retail experience, with many of the same decision-making forces at work. Value propositions matter.

A well-constructed value proposition forces you to rigorously scrutinize the actual worth of your offering in a competitive marketplace. By making decisions through this lens, you will be prepared to allocate scarce resources toward those priorities that align with what your customers value most.

Creating a winning value proposition involves more than generating a list of benefits. It requires removing internal bias and seeing things purely from the consumer's perspective. You must whittle all of the complexities about you into a simple, clear and compelling statement that people can connect with and recite with little thought.

When developing your value proposition, set out to answer this question as directly and briefly as possible: How does your financial institution uniquely solve a problem, deliver an advantage or improve a situation for those you serve? You'll know it when you get there — and you'll have a powerful new tool for attracting and retaining today's discerning customers.

Our Point of View

1. Experiences should be rooted in your story.
2. Experiences should explore and celebrate customer values.
3. Experiences should be purposeful and inspire the heart.
4. Experiences must be meaningfully measured.
5. Experiences live or die by stewardship.

THRIVING ON CHAOS

by John Spence

Turning turmoil into transformation.

For those who are prepared, chaos brings opportunity. Recent economic turmoil, for example, offers tremendous opportunities for those who embrace disruptive innovations. Of course, not every disruption is innovative. Success comes when you combine the wisdom to know what not to change with the courage to embrace change everywhere else if it helps generate new, real and differentiated value for your customers.

Focus on the fundamentals

What does it mean to be prepared for chaos? Having worked with some of the top companies in the world for nearly 20 years, I have made a career finding patterns in how the best companies achieve success. Although there are many factors that determine a specific organization's ability to achieve excellence, there are four fundamental strategies for success that apply to all organizations, regardless of current market conditions. To make things as simple as possible, here is a "formula" that captures them:

$(T + C + ECF) \times DE =$
Business Success

T stands for Talent. To be successful, your organization must be a talent magnet. It is essential that you attract bright, sharp, smart, enthusiastic and high-integrity people who are eager to work for you.

C stands for Culture. You need to create a culture that fosters an ownership mentality, expects high levels of accountability, maintains a sense of urgency and drives employees to be highly engaged. All the research will tell you that the number one factor in acquiring highly satisfied, loyal and engaged customers is highly satisfied, loyal and engaged employees.

ECF stands for Extreme Customer Focus. Whoever owns the “voice of the customer” owns the marketplace. Your team must be fanatical in its efforts to listen to and deeply understand customer needs, wants and desires.

DE stands for Disciplined Execution. Plenty of companies have great ideas. Many have innovative strategies. But in my experience, only 10 to 15 percent execute plans effectively.

It is my firm belief that these four elements must never change, no matter how chaotic the market gets. Talent, culture, extreme customer focus and disciplined execution are nonnegotiable. Any potential disruption that compromises

one of these elements should be discarded immediately.

Revel in change

Now, here’s the flip side. Anything outside of those four elements is fair game. If the four factors of the formula are in place, you have earned the right to be wildly creative with the rest of your business. When a fundamentally sound organization embraces change and pursues disruptive innovations with real enthusiasm, truly game-changing strategies can emerge. Here are three ways to prime the pump:

1. *Focus on continuous improvement.* One of the best ways to unlock innovation is to make it obligatory. By this I mean encouraging everyone in your organization to look for ways to make something a tiny bit better. If they happen to come up with an insanely creative and truly disruptive innovation, that’s fantastic. But it’s also rare. To improve your odds, seek to create a culture dedicated to consistent, continuous, incremental improvement. Working a little bit faster, serving customers a little bit better, eliminating one or two mistakes — every single day. This creates a mindset that innovation is expected and rewarded.
2. *Teach your team to steal (ideas, that is).* Amazing things happen when everyone in your

organization starts looking for great ideas to borrow. When they get great service at a restaurant, when the dry cleaner does an exceptionally fantastic job, when they see a new product that gets them excited, they should stop and ask themselves three questions: What can I do with this? How can I make this work in our business? What can we do right away? With this attitude, teams find amazing ideas in the most unlikely places.

3. *Understand that innovation is a process.* Keep in mind, this advice comes from someone who hates process, abhors spreadsheets and can barely tolerate checklists. However: the only way to ensure effective implementation of innovations (remember: Disciplined Execution) is to create a specific, clear process that shows people what they must do to adopt, sustain and perfect a new way of delivering customer value.

There is no question that we are dealing with an unusually chaotic market at the moment. But it’s a mistake to assume chaos is negative. If you focus on the fundamentals, revel in change and prepare your team to be creative, chaos is positive. It becomes a catalyst for powerful, undeniable, difference-making change.



John Spence is one of America’s top 100 business thought leaders and a leading small business influencer. He is the author of Awesomely Simple: Essential Business Strategies for Turning Ideas Into Action and has delivered training workshops and speeches to more than 400 organizations worldwide, including such firms as Microsoft, GE, IBM, Qualcomm and dozens of smaller businesses and associations. Learn more about his work at johnspence.com.

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Agent of Change

A community bank capitalizes on local market developments by simplifying the switch between financial institutions.

*German American Bancorp
Jasper, Indiana*

The timing couldn't have been better. German American Bancorp, a Jasper, Indiana-based financial institution with 34 offices serving 12 counties across southern Indiana, learned that one of its local competitors had been acquired by a larger competitor in its footprint. This presented a golden opportunity for German American to attract new customers who might be willing to switch.

At the same time, Deluxe was recruiting financial institutions to participate in a pilot program for Deluxe SwitchAgentSM (see sidebar), a new solution designed to speed and simplify the switch to a new financial institution.

"We knew that the conditions were ideal for getting new customers to choose us as their next bank," said Jane Balsmeyer, Vice President and Director of Marketing at German American. "And in our research, we confirmed that one of the biggest reservations about switching banks is that

it can be very complicated, especially for those who make multiple payments and deposits electronically. We saw opportunity there."

According to Balsmeyer, the current paper-based switching process at German American was somewhat effective but extremely hands-on. Many times, front-line employees were gathering the necessary customer information and completing phone calls themselves, as a concierge service. Such service was consistent with the bank's personalized approach, but it was also time-consuming, possibly preventing employees from attending to other critical forms of service.

"We knew our switching service could be more efficient, but we didn't want to lose the high-touch aspect of what we were providing," Balsmeyer said. "We never considered outsourcing this function to a third party. But since this was Deluxe, we were willing to listen. It turned out that we were in the perfect place to get on board."

Fast rollout

In September 2011, just two months after learning about the new Deluxe solution, German American made SwitchAgent available across its branch network. Bank management and Deluxe representatives offered training at each location to help employees understand how this new solution works, whom it benefits and how.

The SwitchAgent service begins immediately after a customer fills out a form authorizing German American to transfer his or her preauthorized transactions. A Deluxe representative takes over from there, collecting account information from customers and notifying payers and creditors of the upcoming switch. Account holder security remains a top priority throughout. Both the customer and German American are kept apprised of progress at every step. The typical switch takes 30 to 45 days.

"As the Deluxe agent walked us through the process, we began to understand what the customer would experience and we got more excited about it," Balsmeyer said. "We felt especially good that we can go to a secure web page and see where every customer is at in the switching process at any time. This accessibility gave us the sense of oversight we needed to get buy-in across our institution."

Balsmeyer admits it was difficult to put such sensitive customer interactions into the hands of an outside resource. However, her bank's longstanding relationship with Deluxe helped make the decision easier. "Since we have such high service standards, it is natural for us to want to tightly control every customer encounter," she said. "But we were familiar with Deluxe as a call center and service provider that is highly regarded across this industry, so we knew our customers would be in good hands."

German American promoted its new switching service through targeted radio spots, along with point-of-sale advertising at all offices and prominent display on the bank's website. At the time of this writing, nearly 70 new customers have been onboarded through the Deluxe SwitchAgent service. Customer feedback has been consistently positive.

Immediate results

Although German American has only been offering the SwitchAgent service for a short time, Balsmeyer says her management team is already seeing positive impact across the organization.

“Our customers appreciate the speed and simplicity of the experience, and it frees up our front-line staff for other services that contribute more directly to our bottom line,” Balsmeyer said. “We are also finding SwitchAgent to be useful for fraud victims who often have to open new accounts as a security precaution.”

In addition to acquiring customers in markets where it is already established, German American is using SwitchAgent to differentiate itself in two new growth markets for the company: Evansville and Bloomington, Indiana.

“We feel good about our decision to go with SwitchAgent, and overall we are very pleased,” Balsmeyer said. “I would recommend this service to other banks. Since it is a new service, it can be a competitive advantage to get into the program sooner rather than later.”

Deluxe SwitchAgentSM

Get more accounts to move your way.

Increase competitiveness, customer loyalty and employee productivity with Deluxe SwitchAgent. It's the first automated process for switching preauthorized transactions from one institution to another — and removing this burden from your customers and your financial institution.

Once a customer fills out a simple form, we manage the rest, keeping the entire process safe and easy. Deluxe SwitchAgent can help you boost your numbers in a host of powerful ways, including:

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Make moving easier and attract more new accounts

Onboarding

Create stronger account relationships immediately

Anchoring

Generate new cross-sell opportunities for deeper accounts

Retention

Dramatically reduce attrition

Learn more today at:

Deluxe.com/switch

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TEMPERATURE READING



It's the question we've been focused on all year: How can banks and credit unions survive — and thrive — in the new banking environment? To find answers, the 2011 Deluxe Collaborative knew it would have to understand what consumers really feel about financial institutions: regulations, products, processes. Warts and all.

We spent four weeks with more than 100 consumers to get a reading. We learned that to thrive, this industry must revisit its current approach to:

- *Targeting: who and how we market*
- *Products: their role in the value chain*
- *Charging: establishing revenue streams without alienating customers*
- *Language: adopting phrases that signal positive change*

Who, how to target

We found that people generally fall into one of two mindsets regarding what they want from their financial institution:

1. *Barrier elimination:* "I want my money when I want it, how I want it and for free." These consumers want financial institutions to simply "hold" their money, with simple, fee-free access.

2. *Goal achievement:* "I'm willing to pay for help in better managing my money." These consumers have goals they want to achieve and are interested in deeper relationships with their financial institutions.

Does your messaging and positioning appeal to what consumers want most from you? Equally important, can you back this up with what you offer?

The role of product

A focus group exercise confirmed our findings above on product design. During the exercise, group members were shown two products: a traditional bank account and a new account designed to help them achieve their goals. This second product gave customers flexibility to choose a financial goal that closely resembled theirs, while incorporating controls they could manage.

Although admitting they would leave their current institution if charged for their existing account, these consumers overwhelmingly agreed that the new product provided value that they would pay for.

How to charge

Traditional revenue sources continue to vanish due to new regulations, while consumers simultaneously expect more banking services to be free.

We trained them well, because many banking products have been provided at no charge for a long time, and it's a tough sell to start charging for them. You cannot change from "free" to "fee" without adding some kind of value.

We asked our focus groups to react to a variety of pricing scenarios. We forced them into a world that required them to pay for banking in some way, either with time or money. We learned that consumers are willing to pay if they see new value. They were also open to new pricing scenarios such as annual banking subscriptions, reduced pricing by viewing ads, and flexible costs based on account selections.

Surprisingly, participants rated viewing local ads as the most preferable pricing scenario. Although the younger participants were more open to new pricing scenarios, many older participants were also willing to consider their use.

What to say

Language has been a recurring theme across our Collaboratives. So have the challenges of dealing with the banking jargon that sneaks into our conversations if we're not careful.

Too often, customers and members view our terminology and phrasing as exclusionary, confusing and even downright deceitful. Here are examples of miscommunication that can occur during a typical interaction:

We say: *"Free debit card with liability protection."*

Customer hears: *"I need liability coverage for my debit card, because something bad could happen."*

We say: *"No fee for four ATM transactions."*

Member hears: *"Why do I only get four free ATM transactions? It's my money!"*

This industry now has the opportunity to refine its language to not only signal changes to customers, but to signal to employees that we intend to do business differently.

What if our language emphasized solutions over products? What if we expressed "free" as "unlimited" instead? What if "features" became "tools?" As you challenge the role of your existing products and charging approaches, use the consumer perspective as a guide for what to say and how to say it.

How do consumers feel about this industry?

What do they really want from us?

The Collaborative gets some answers.

The Institute: The way forward

It is a challenging time for our industry. But the new requirements associated with targeting, products, charging and language also present excellent opportunities. Now is the time to clarify your promise to customers and members; to target new accountholders more profitably; and to use the power of language to market and communicate more effectively.

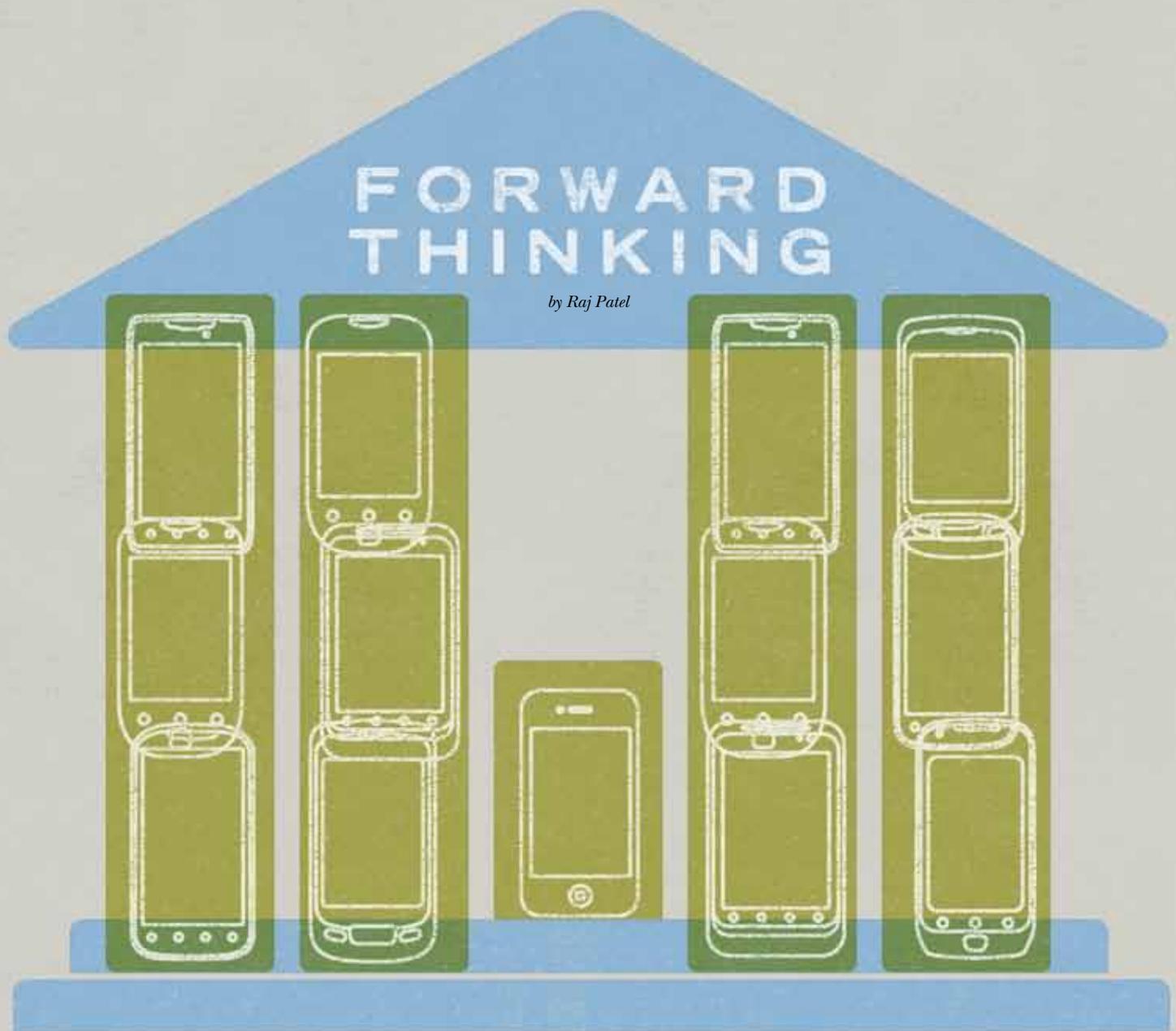
The Collaborative's efforts to better understand today's banking challenges led us to develop The Institute: a member-based organization designed to help financial industry executives drive the right change and develop profitable strategies.

Unlike other consulting resources, The Institute is fueled by insight from ethnographic, segment-specific research conducted in partnership with financial institutions. The Institute can help you define how you deliver value to consumers, drive implementation and start you on a path to improved profitability.



Learn how to become a member of The Institute at

DeluxeKnowledgeExchange.com/theInstitute



by Raj Patel

Stop settling for the status quo in financial technology.

Like most businesses, banks and credit unions sell a product: money. It is sold in the form of loans and CDs. Although customers learn about these and other products through numerous marketing channels, they must visit a branch to buy.

Branch visits, however, are declining. Research conducted by the Council of Financial Competition confirms this. In fact, the results indicate that U.S. customers will make one billion fewer branch transactions

in 2012 than they did in 2010. (Again: Two years, one billion branch transactions gone.)

This is why I hear so many banking clients say, “We need to bring customers back into our branches. Let’s use technology to make this happen.”

Now is the time to abandon this way of thinking and consider technology like mobile apps and social media in a radically new way. We need to think of these technologies

as the digital branch, an essential and fully functional part of your business, not a separate or subservient entity.

Make the most of mobile

Here’s one great reason: customers who visit your branches cost more to serve than those who conduct business through ATMs, the Internet and mobile apps. Yet according to a recent ICBA Community Bank Survey, only 15% of banks offer mobile apps. The apps themselves tend to

provide simple maintenance tasks: account balance and transfers, check image viewing, ATM/branch locators. Very few facilitate transactions. But it doesn’t have to be this way.

Imagine instead a mobile app that provides details about CD rates, programs and the customer’s CD portfolio (including maturity dates), as well as the ability to buy and sell.

Imagine a loan calculator car shoppers can access through a smartphone, right from the dealer's lot. So when the dealer offers a better rate, your customer can use the app to compare rates and let your institution make a counter-offer. Loan approval is confirmed through the app and the dealer scans a bar code to upload it into their system. All of this happens in 15 minutes.

These apps are closer than you think. But let's stretch our imagination even further into the future.

- **Mobile payments.** A customer or member uses a mobile app to generate a bar code with payment details and the friend scans the code with a smartphone to accept.
- **Location-based marketing.** Notify customers about products and services based on their GPS location. For example, send a notification when they are within 100 yards of your ATM at the mall.
- **Seasonal apps.** Your institution develops a holiday shopping app that allows users to browse gift ideas, receive merchant coupons, find stores, track purchases and use pre-loaded account funds for payment.

• **Business apps.** Very few mobile apps cater to businesses, and consumer apps do not provide the functionality businesses require. Why are we neglecting the most profitable segment in mobile banking?

Capitalize on social media

Many banks and credit unions are doing a wonderful job using social media tools. What tends to be lacking is an orchestrated effort to capitalize on all the branding and marketing opportunities these tools offer.

Take LinkedIn, for example. Profiles of branch managers and loan officers should not read like résumés. They should tell the story of why your institution is unique. Start with a consistent, professional-grade profile template, because business prospects often search online for the branch manager who contacts them. Also consider adding your tagline, branch address and direct phone number. Branch managers and loan officers should also join local business groups on LinkedIn for networking and lead generation.

On Facebook, the "What can we post?" strategy should become "What can we read?" Customer and member posts frequently refer to life events that connect to your products and services. If a customer says they are "looking at new homes," why not offer them a new home loan?

Using social media tools, banks and credit unions can monitor what customers and members are saying about your brand. But there are untapped opportunities here as well. For example, try expanding your list of monitored keywords to include specific products as well as general offerings. This will help you find audiences who are looking for exactly what you provide.

Brick-and-mortar branches are critical to operations and they will be around for a long time. But this should not prevent your institution from gaining a competitive advantage by developing a powerful, versatile and user-friendly digital branch that brings together mobile technologies and social media in new and surprisingly profitable ways.



Raj Patel, a Partner with Plante & Moran, has more than 17 years of experience assisting financial institutions with technology, information security and compliance. He has presented on security-related topics in white papers, newsletters and magazines, as well as industry conferences. In 2009, Patel was awarded the "40 Under 40" award in 2009 by Crain's Detroit Business in recognition of his professional accomplishments. He is also a board member of ISACA-Detroit chapter. Learn more at: security-assurance-blog.plantemoran.com

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GENUINE BOLD

by Will Marré

Behaviors and motivations shared by the successfully daring.

The term *bold moves* has become synonymous with performing radical strategic surgery to create new ways of making money, developing innovative products, attracting new customers and boosting brand energy.

Bold moves are exciting, and seemingly risky. When they work, we deeply admire them. GE's commitment to eco-magination was a bold move. So was Nike's commitment to integrating iPods into their shoes. Zappos' commitment to creating happiness; IBM's focus on a smarter planet; Campbell's Soup nourishing the world; virtually every product Apple has invented: all bold moves.

A few months, ago a client asked me to research the factors that drive successful bold moves. So, together with our Apple to Zappos' research team, I studied and interviewed leaders who are brilliantly successful at creating organizations that consistently create game-changing value.

It may not surprise you that the leaders who bravely pursue and implement adventurous ideas tend to focus on a common set of principles. However, what caught my attention was not just what they did, but also that they had one big intangible quality in common. It's simply this: Each of them was up to something more than just making money.

Driven by values

Granted, all the bold-moves leaders I researched have produced stunning financial growth and profits for their companies, but that was the result of a goal far deeper than financial return. They each had a primary vision of doing something that had never been done before to create bold new value for people and society.

From Campbell's Soup's new recipes for healthy children, to Nike's commitment to using sports to help girls in poor nations develop self-confidence, to IBM's focus on harnessing technology for sustainability, all of the leaders behind these campaigns were burning with values-drenched vision.



There are six core practices I found that drive successful bold moves when they are fueled by leadership passion.

1. *Cut to grow.* Not all revenue is good revenue. Creating new value requires unreasonable investments of talent and money. That comes from refocusing the organization in the few new things that matter. Steve Jobs cut Apple's 40 "me-too" products down to four original ones and reduced \$7 billion in revenue to \$5.7. Starbucks closed 600 stores. Ford killed 40 car models. Aggressive pruning makes for healthy growth.
2. *Assault the status quo.* Being bold means standing at the intersection of unsolvable problems and customer desires — to be willing to operate from the edge of your industry and become the new authority. This takes a wholesale refusal to settle for the old ways of doing things. So throw away benchmarks. Breakthroughs come from reframing established ideas and sticking your thumb in the eye of convention.
3. *Be today's best version of yourself.* Great brands keep growing. They rewrite their stories by standing on the shoulders

of their heritage. Old brand promises have to be reimagined to stay relevant and find allegiance with new customers.

4. *Do what others are afraid to do.* Great leaders are willing to create overwhelming focus and frightening force to obliterate competitors. Apple invested \$193 million in advertising the iPod in the first 12 months of its release. The closest competitor invested \$10 million on its MP3 player. Having the courage to redefine a category and create enthusiastic customers is essential for a daring concept to have impact.
5. *Strive for benefiting humanity.* According to today's consumer, if you are not up to something bigger than making money, you are up to no good. Customers are activists who demonstrate their values with their wallets. In a recent survey, 86% of consumers agreed that business has a direct responsibility to solve social problems and heal the environment. Such issues impact all of us. Being committed to them as an organization is what drives innovation, attracts talent, engages employees and impresses customers.
6. *Change fast.* Bold moves are nearly always revolutionary. Making them requires simultaneous realignment of

strategy, talent, brand and internal systems. Fast change is more successful than slow change, because it creates focused energy. It also produces results that sustain the change. The real world demands we constantly adapt. You will always need new products, new channels and new customers. Position yourself to do these things swiftly.

As you see, these six drivers of successful bold moves are pretty scary. They are definitely not business as usual — or even business a little better.

Bold leadership requires so much courage that the motivation to change must come directly from your deepest values. Genuine bold moves originate in the bone-deep inner convictions of courageous leaders who are willing to make their difference.

Do you have a vision that is vitally important to you? Are you unwilling to accept defeat in its pursuit? To be genuinely bold, nothing less will do.



Will Marré is CEO and founder of the ThoughtRocket Innovation Studio, a new online leadership development platform providing up-to-the-minute leadership research and training called Apple to Zappos detailing what successful organizations are doing to thrive in the 21st century. Marré is also the cofounder of the Covey Leadership Center where he brought The 7 Habits of Highly Effective People to millions of executives and managers worldwide. He also heads the advisory board of the Human Performance Institute (a Johnson & Johnson company) and is an Emmy award-winning writer of a public television learning documentary. For more information, please visit willmarre.com

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Fast change is more successful than slow change, because it creates focused energy.

On Following Through

*Say what you deliver. Deliver on what you say.
Trust will remain high through good times and bad.*

by Martie Woods

Consumer distrust in financial institutions hit its peak about four years ago. At the time, we were inundated with literature and news on the subject, and bankers scrambled to respond. We did our research, heard from consumers and held emergency staff meetings. We hired consultants from both within and outside this industry.

Despite all the effort to understand what was going on and why, we remained confused. Much of that confusion remains to this day. Just when we think we have the extent of the distrust nailed and the solution cornered, new exceptions, inconsistencies and contradictions arise.

Are consumer attitudes about us really changing this often — so often that we’re constantly a step behind? I don’t think so. I think it’s a case instead of trying to organize a highly complex concept into a neat and tidy one that provides immediate answers. Even the experts took an overly simplified position on trust in their books and journalism, treating it as something that either exists or does not, without nuance.

An end to blind trust

Prior to the global economic crisis, consumers felt a sufficient level of comfort and confidence to gratuitously extend feelings of trust to even their distant relationships. Financial institutions and other service providers merely had to

make a promise that sounded good: our commitment to quality, our attention to customer satisfaction. People were willing to accept promises wholesale, without proof.

Such consumer lenience is always short-lived, and there were already signs that customers and members were seeing less value in their financial institutions before the collapse. The economic crisis and regulatory burden merely accelerated the end of this “life is good, I feel generous” cycle.

As the cloud of uncertainty dominated, consumers pulled in and withdrew their generosity, adopting a “fool me twice, shame on me” mentality that made them suspicious and selective to the extreme. They reevaluated their current service relationships — taking nothing for granted this time — to construct a new list of who was in and who was out.

This is where things got confusing. There were daily reports of consumer dislike, distrust and outright disdain in banks at a macro level. Yet, any swift sampling of consumers raised doubts at the accuracy of these reports. Sentiment wasn’t so uniform at the level of the individual financial institution.

Don’t merely promise

Granted, there still exists a large group of people with a negative opinion toward this industry. However, there are also many customers and

members who hold their own banking relationship in high regard. They have basically felt this way over the last 48 months, through thick and thin.

How can this division be explained? Is it merely a difference in quality between one financial institution and another? Or is it because certain banks made and delivered on compelling promises before it all went bad, which engendered a sense of customer trust that remained strong through the sour times? I think there is something to be said for this latter idea.

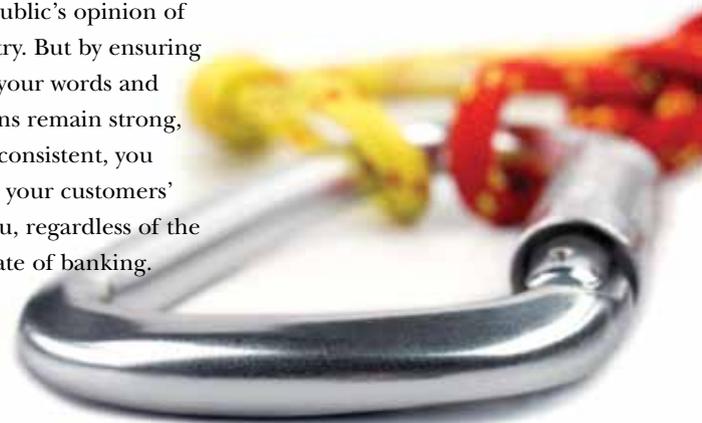
If you want to develop healthy long-term customer relationships that endure industry rough patches, you cannot simply keep promising. Rather, you must home in on the highest-value promise you can make based on the unique strengths of your institution. Then, do everything in your power to deliver big on that promise in every way possible. Consumers will remember this.

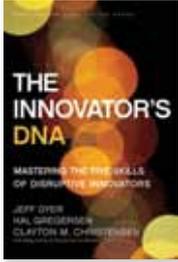
As an individual bank or credit union, you have limited control over the public’s opinion of this industry. But by ensuring that both your words and your actions remain strong, clear and consistent, you can fortify your customers’ trust in you, regardless of the current state of banking.



Martie Woods is chief experience officer at Deluxe. With expertise in consumer psychology and buying behavior, Martie’s charge is to improve customer engagement and loyalty throughout the financial services industry. In her 11 years at Deluxe, Martie has been a leader in driving the company to focus on small business customers, and establish customer-centered decision-making and innovation processes.

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BOOKS, BLOGS, EVENTS, ETC.

The Innovator's DNA: Mastering the Five Skills of Disruptive Innovators
by Jeff Dyer, Hal Gregersen and Clayton M. Christensen

This fascinating work emerged from an eight-year collaborative study designed to uncover the origins of innovative — and often disruptive — business ideas. To meet this objective, the authors interviewed nearly 100 of the world's top innovators, including CEOs of companies built on innovative business ideas. From this research, five discovery skills were identified that distinguish innovative entrepreneurs and executives from ordinary managers. *The Innovator's DNA* provides useful guidance for helping all of us transform more promising ideas into competitive advantage.

Security Assurance Blog (Plante & Moran)
security-assurance-blog.plantemoran.com

Today's most successful business leaders depend heavily on technology to help them optimize productivity. Technology is integral to designing processes, accessing knowledge and staying connected to employees, business partners and customers. How secure are these mission-critical systems and networks? This information-rich blog is dedicated to helping you confidently uphold the highest levels of confidentiality, integrity, availability and compliance of your information technology.

John Spence Blog
Blog.JohnSpence.com

This blog features fresh, insightful and entertaining posts from one of America's top 100 business thought leaders and leading small-business influencers. Entries cover the full range of topics related to achieving business excellence, from branding, customer service and employee engagement to leadership, strategy and success in life. You'll definitely want to check out "John's Rants," some of which are now delivered via video.



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Upcoming Webinar: The Innovator's DNA

Hal Gregersen
January 12, 2012

Innovative capabilities are not innate, argues INSEAD Professor Hal Gregersen, co-author of *The Innovator's DNA*. Anyone can master disruptive innovation by developing five skills: associating, questioning, observing, experimenting and networking. During this webinar, Gregersen will share how to generate ideas using these skills, collaborate with "delivery-driven" colleagues to implement ideas, and build innovation strength throughout your organization. Attendees will also learn to rate their own "Innovator's DNA."

To register, visit:
DeluxeKnowledgeExchange.com/Events

**Expo resources and photos now online**

Thank you to all who attended the 2011 Expo in Dallas and Orlando. You can see photos from the events and get access to Deluxe white papers, Tom Wujec's value proposition worksheets, the "Marshmallow Exercise," and more by visiting the Resources page on the Expo website. Visit DeluxeKnowledgeExchange.com/ExpoResources to access links and download documents.

Expo coming in 2013

Plan now for the next Expo to be held in early spring of 2013. Details will be revealed as plans progress, so check these resources over the coming months for news and updates:

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DELUXE Collaborative

2012 Deluxe Collaborative update

We're excited to say that the selection process for the 2012 Deluxe Collaborative is nearly complete! Soon, on our website, we'll introduce you to the banking executives who will embark on a year-long journey together to explore this topic: Thriving by 2015: Retailing Profitable Solutions. They'll share their research and findings with you at the 2013 Deluxe Knowledge Expo.

To see the faces of the new 2012 Collaborative and get regular updates on their progress, follow the Collaborative blog and Deluxe Knowledge Exchange on Facebook:

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DARE TO DEFY CONVENTION

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DIFFERENTLY, ACT BOLDLY AND TRY SOMETHING NEW.

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