The Deluxe Knowledge Quarterly™ KQ3 2011

KQ

A PUBLICATION FOR FINANCIAL PROFESSIONALS

PREPARING FOR PROFITABILITY

DELUXE Knowledge Exchange℠

COLUMNS & DEPARTMENTS

1 **Viewpoint**
by Tom Morefield

5 **Experience Matters**
Where Do They Go When Things Get Tough?

8 **Peering In**
Charting a Clearer Course

10 **The Learning Curve**
Profitability
by Mark McCarthy

11 **Collaborative**
The View from C-Level

16 **Stance**
Keep 'Me' Out of It!
by Martie Woods

17 **Events & Resources**

FEATURED ARTICLES

2 **Detecting Hidden Profits**
by Chris Bledsoe

6 **The Customer Service Payoff**
by Dr. Alan R. Zimmerman

12 **Back in the Mud**
by Nick Tasler

14 **What's the Greatest Thing You Can Do?**
by Will Marré

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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

Find hidden treasures

Understand how branches are performing to uncover easy opportunities for improving the bottom line. *Detecting Hidden Profits*

Proceed with caution

Before modifying your branch network, consider the impact on your ability to resolve customer problems. *Where Do They Go When Things Get Tough?*

Boost customer retention

Carefully measure the impact that exceptional customer experiences have on long-term profitability. *The Customer Service Payoff*

Rediscover your roots

Reassert your authority in what you do best without reinventing your brand, and reap the benefits. *Back in the Mud*

Change the game

Learn the strategies that established, successful companies use to compete with entrepreneurial new ones. *What's the Greatest Thing You Can Do?*

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How do financial institutions stay profitable? Where can new bottom-line growth opportunity be found?

As a bank or credit union leader, you probably struggle with these questions every day. You face a long list of related decisions regarding contraction vs. expansion — whether to reduce or increase branch networks; whether to cut back or spur investment; whether to focus on your core business or pursue a new venture. Author Nick Tasler captures this struggle with a different question on page 12: Do you stick to coffee or sell steak sandwiches?

As is so often the case in this industry, identifying answers seems to require deep and deliberate self-examination. That includes maintaining a detailed, real-time grasp of your complete financial picture, so that those fleeting growth opportunities don't arrive and depart unnoticed. Fortunately, technology makes this easier than ever, as Chris Bledsoe describes in his lead article on the next page. You might also want to sit down with your team to take a hard look at your business and revisit your value proposition.

It is all about staying in touch: with your business, with your customers and employees, with what drives you to the core. This is fundamental stuff. But the fundamentals can be easily overlooked in these hectic times, where it is so tempting to focus only on activity that immediately impacts the bottom line.

By paying close attention to everything and taking nothing for granted, you will find greater clarity as to what kind of contraction or expansion strategy makes sense for you. And the sustainable profit will follow.

This issue of *The Deluxe Knowledge Quarterly* offers several perspectives on helping you identify and capitalize on today's bottom-line growth opportunities. The opportunities are out there. You just have to know where — and how — to look for them.

I invite you to read on now.

Tom

Tom Morefield
President, Deluxe Financial Services

DETECTING HIDDEN PROFITS

by Chris Bledsoe

Finding new basis points within your own branch network.

Details matter less when times are good. Now, details can equate to survival. For most financial institutions, profitability is currently being squeezed, and they are finding themselves in the position where they need to uncover basis points wherever they can — on the revenue side, the cost side, or both.

Regardless of economic climate, community banks should consistently step back and perform a detailed branch analysis, in order to truly know what's going on inside the organization. Each financial institution is the sum of its parts, after all. If you don't have a true understanding of how individual branches are performing and why, you may be missing easy opportunities for improving bottom-line performance.

Many high-performing financial institutions are approaching their businesses more like a retail operation. For example, McDonald's knows at all times exactly how each restaurant's performance is affecting its bottom line. How do you measure up in this regard? Do you regularly conduct an internal peer comparison to determine which branches are contributing and in what areas and which ones may need further coaching?

Thanks to much-needed advances in automation, it is now easy to acquire such insight, by simplifying the number crunching and providing on-demand access to the data required to fuel strategic thinking and find basis point opportunities.

Getting started is as easy as identifying and weighing the financial indicators at each branch, and ranking performance accordingly. Here are five guidelines for designing your branch analysis program.

1. **Customize to your strategy.**
   The key is to measure and monitor the same set of key criteria (such as cost of funds and core deposit growth) that you use for evaluating and driving your overall strategy. You need to have definitive, quantitative answers to critical questions such as, "Which branch has the cheapest deposits?" and "What locations have the highest-yielding loan portfolios?"

2. **Include the proper ranking components.**
   Your branch performance comparison should include key financial metrics from the following areas, as a means of helping your management team better understand which branches are contributing to desired results and which need additional coaching to meet performance objectives:

   - Balance sheet. This may include loan growth with comparisons to budget, deposit mix, and non-interest-bearing checking accounts.

   - Income statement. Some examples are loan fees, non-interest expense with comparisons to budget and non-sufficient funds (NSF) dollars waived as a percentage of gross NSFs. By focusing on the percentage of NSFs

PROFIT

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waived, management can more easily compare branches and guide them to achieve improvements.

- Margin components. These include loan portfolio yields, cost of funds and deposit yields. Such types of comparisons are not typically performed at the branch level and could contribute significant insight regarding ways to improve overall results.

3. Support analysis with technology.
For some financial institutions, comparing and managing individual branches at a detailed level is just too difficult. Data accumulation is manual and cumbersome. For others, the measurement methodology they have created is unmanageable and tough to maintain.

Automation eliminates the burden of these manual processes, so that a branch comparison can quickly and easily be performed on a monthly, quarterly and annual basis. It also provides access to in-depth intelligence of branches not achievable before. This insight allows you to easily identify the branches that are helping and hurting your bank and in what particular areas, and can create key performance objectives for each location.

4. Promote accountability and establish incentives.
Regular and consistent branch comparisons eliminate subjectivity by making branches' scores (the hard numbers) clearly visible. Best practices are revealed and can be applied throughout the entire branch network. This instant feedback highlights high performers, while also revealing who needs coaching.

Branch managers can then be held accountable and given incentives to improve their ranking. It is critically important to get the right people in the right positions for high performance, and to continue to reward key employees who drive sales and build customer relationships that generate positive and sustained results.

5. Keep it simple.
You must gain full visibility and knowledge of the data needed to manage your branch network as efficiently as possible. An internal branch comparison provides the kind of insight you need — in a format that is easy to understand and interpret — to identify what each branch can be doing better and help you zero-in on growth opportunities.

It is highly likely there are hidden basis points to find within your bank. You can identify yours through a branch-to-branch peer analysis, by applying the same criteria you are already using to measure overall performance. Doing so might be the key to turning every branch into a high-performing one.

PROFIT

PROFIT

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Where Do They Go When Things Get Tough?

When considering the future of your branches, also consider how well you're designed for problem resolution.

More than 1,400 U.S. bank and credit union branches have closed in the past two years, and yet the answer remains unclear. Should you branch out or rein in? And if you do modify your branch network, who will be impacted most?

First, there are seniors, who in general like to do their banking in person. So do some customers with complex transactions, such as small businesses. But there is another group — the largest by far — that prefers the branch over all other channels: people experiencing problems.

When people are having serious banking issues, they invariably visit a branch.

Problem resolution is the top reason customers and members visit branches. It has always been this way, regardless of demographics or market conditions. Banking involves people's money, after all, which gets emotional fast. With emotion comes anxiety, which can build to a point until the only option left is to drop everything, head down to a branch and talk through the issue in person.

If handled correctly, this face-to-face interaction creates a positive sense of progress — one that many have not yet found through phone support or online help.

Any modification to your branch network will likely have some impact on your ability to resolve customer problems. As you ponder next steps with your branch network, you should also examine how well you are designed for problem resolution, what role your branches play in this process, and what other systems might take over for swiftly solving customer problems if some of your branches go away.

The truth is, if your branches are not optimized for problem resolution (the main reason why people visit them), you may not be getting an accurate snapshot of how they could potentially contribute to the customer experience and your bottom line. So perhaps you should optimize your branches for problem resolution first, and then — only then — decide what to do with them.

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.

THE CUSTOMER SERVICE PAYOFF

Everyone knows exceptional customer experiences are important. How big an impact do they really have on your institution’s bottom line?

by Dr. Alan R. Zimmerman

Many years ago, Wendy’s devised one of the most memorable commercials of all time. It featured a trio of elderly ladies in a generic fast food joint suspiciously examining a burger. As they looked under the bun, the meager patty caused one of them to belt out the famous query: “Where’s the beef?”

In essence, they were saying the burgers sold by Wendy’s competitors had no substance. There was nothing to them. I bring this commercial up because I hear a lot of similar complaints about all of the hoopla surrounding customer experiences — and how next-level customer service makes those experiences great.

In other words, improving customer service is a nice theory, some say, but there isn’t a payoff. And if there isn’t a payoff, why bother at all?

Formidable financial impact

A short time ago, the research team of Petouhoff, Leaver and Magarie answered this question when they released their findings in a widely circulated report called “The Economic Necessity of Customer Service.” The findings lead to the following conclusion: “Customer service experiences either generate or diminish company revenue.”

In other words, customer service is not a neutral factor in your business. It either makes you money or costs you money — and it can’t be dismissed.

Another finding, this time more to the point: “Customer service has a profound effect on a corporation’s bottom line.” How can that be?

One simple formula says it all: Great Service = Customer Retention = Profit. According to a recent *Harvard Business Review* article, companies that boosted customer retention by as little as 5% saw increases in profits ranging from 25% to a whopping 95%. Think about that. Service nearly doubling profits.

Of course, the reverse is also true: Poor Service = Lost Customers = Less Profit. *U.S. News and World Report* recently ran an article that said the average American business loses 15% of its customer base annually. But here’s the kicker: 68% of customers who leave do so because of “poor or indifferent customer service,” while an additional 14% leave because of an “unsatisfactorily resolved dispute or complaint.” Which means 82% of the customers you lose, you lose because of service.

The most shocking discovery here is that only 9% of customers stop doing business with a company because of price. Indeed, price may be the least of your worries when it comes to retaining your best, most profitable customers.

The cost of not caring

If you're still not convinced that good customer service truly pays off, consider the alternative: bad service costs you — big time. In a groundbreaking global customer service survey, the Genesys organization found that the 16 nations they studied lost $338.5 billion — that's "billion" with a "B" — every year due to customer defections caused directly by poor service.

Of course, cynics might say, "Big deal. So we lose a customer once in a while. You can't please everyone." True enough. But it's a much bigger financial deal than you think. And you can be sure that defecting, disgruntled customers will hurt your future business.

Let's use some common sense. That one unhappy customer doesn't just slink away and keep quiet. He talks. In fact, it's well known that an unhappy customer will tell 10 other people about his bad experience with your company — and that's just in person. He will tell another 100 people on Facebook and Twitter. Chances are, this negative review means they won't buy from you, no matter how your products or services are priced.

To bring this home, I always talk about some young friends of mine who used a big brand-name retailer for their wedding registry. Unfortunately, one of their guests forgot to scan a gift, so the couple received two punch bowls. As expected, they went back to the retailer with the gift receipt hoping for a refund.

The returns clerk they encountered, however, showed no concern for their double-punch-bowl dilemma and refused to issue the refund because they didn't have the original receipt. The couple asked to speak to the manager, who simply echoed the original clerk's remarks.

The infuriated couple immediately chastised the company on Facebook with multiple status updates that reached hundreds of friends and acquaintances. As a result, two newly engaged couples and two expecting mothers decided not to use this same retailer for their wedding and baby registries.

The retailer had already made thousands from the couple's registry. Yet it refused to budge on a service issue that would cost about $20 to resolve, when the value gained by keeping these customers happy would have been worth much, much more.

This aspect of service is easy for banks and credit unions to overlook. Think about a customer complaining about a legitimate but relatively small service charge. In these instances, it helps to elevate your perspective and focus on all of the revenue customers will generate during their relationship with your institution. How does the amount in question stack up? Is it worth losing them, not to mention all of their friends and neighbors?

The financial payoff of good service is real. Poor service costs you severely in the form of lost sales, lost customers and lost future customers. With exceptional customer service, everybody wins. Employees make a difference in a customer's life, customers' needs are met, and banks and credit unions generate a measurable financial payoff — today and tomorrow.

Dr. Alan Zimmerman is the author of the new book, The Service Payoff: How Customer Service Champions Outserve and Outlast The Competition. *As a full-time professional speaker, he has talked to more than a million people in 48 states and 22 countries about customer service, leadership, motivation and attitude. He can be reached by phone (800-621-7881) or email (Alan@DrZimmerman.com). Check out his website for additional free articles at DrZimmerman.com.*

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Charting a Clearer Course

When community banks know exactly where they are, it's easier to get where they want to go.

Prime Meridian Bank
Tallahassee, Florida

Community banks thrive when everyone from the CEO to the front-line staff understands how their daily decisions affect the bank's financial position today and tomorrow. It's a simple concept that is difficult to execute because the information decision-makers need is not always readily available.

Most banks receive monthly financial data from a core processor, but they must use spreadsheets and manual calculations to generate meaningful insight. Plus, the data is typically in a format comprehensible only to financial experts. What banks need most is daily access to their financial information delivered in a way that anyone can easily understand.

This is exactly why Sammie D. Dixon, Jr., CEO and President, and Kathy Jones, CFO, of Prime Meridian Bank in Tallahassee, Florida, were drawn to Banker's Dashboard, a Web-based community bank management tool that offers instant access to the bank's complete financial picture. The tool features a user-friendly interface that makes it easy to drill down from a big-picture view to the details behind every data point, and can be securely accessed from any location with Internet connectivity.

"I look at Banker's Dashboard every morning," Dixon said. "I can see a daily balance sheet and income statement that shows me any variances from the previous day, so we can strategically manage our bank. I can also view our run rate on interest and see how it is affecting earnings, including drilling down and identifying the reason. I review these numbers daily."

Putting numbers to work

Faster, easier access to the bank's financial status is valuable because it can help employees understand how their actions affect performance. Prime Meridian Bank is a testament to the value this knowledge provides.

"Banker's Dashboard shows our team the impact of one basis point on our net interest margin, which can be eye-opening," Dixon said. "For example, our team understands that every basis point equates to $10,000 dollars of pretax income; therefore, it's easy to see why we should try to get 5 or 10 more basis points on each loan, or choose not to give 10 or 20 more basis points on a CD or interest-bearing account. The best part is that Banker's Dashboard shows how these decisions affect our bottom line on a daily, weekly, monthly and annual basis."

These are the kinds of choices loan officers and customer service representatives make every day. With the ability to track and view a variety of financial metrics, community bank employees from lenders to the HR team to the front line can use Banker's Dashboard to gain visibility into the power of their actions.

"It creates accountability and understanding," Dixon said. "We teach everyone to not just look at the bank from the perspective of your job or your department, but rather to start with the bank as a whole and then drill down. Banker's Dashboard enables us to do that. It's presented in a very user-friendly manner. It's very clear."

Of particular interest to Dixon and Jones is the ability to view data at the account and branch level, as well as monitor trends, examine historical data and check key performance indicators without having to wait until the end of the month.

"Banker's Dashboard truly does keep it simple," Jones said. "It puts the data in a format that makes sense. Instead of focusing on assembling the data, we can concentrate on analyzing the numbers."

Banker's Dashboard

Banker's Dashboard also makes it easier for Prime Meridian Bank to accomplish frequent tasks. For example, the bank can create a board package with a single click, eliminating the need to compile reports manually. In addition, Banker's Dashboard creates the ability to forecast, update budgets and produce new plans with little effort.

"We can produce a seven-year forecast, make changes to it, and with one click everything in the forecast is calculated automatically," Dixon said. "We don't have to manually reformat cells in a spreadsheet. We can make adjustments and see them in real-time."

In fact, conversations with regulators and investors flow better with the ability to quickly have updated and real time information, according to Dixon.

"They know that we stay on top of the bank's financial position at all times, and that instills great confidence," he said.

Preparing for the future

For Dixon, the appeal of Banker's Dashboard is strategic. In any financial environment, knowing the bank's current position is critical to determining its course going forward.

"Gaining visibility to detailed financial data whenever you need it is imperative to understanding where you're going," Dixon said. "If you do not have a handle on where you are today, how can you have a handle on where you're going in the future? How can you make the right decisions?"

Improve decision-making with daily access to financial information

Banker's Dashboard is a Web-based community bank management tool that saves time and money by providing instant, daily access to a bank's total financial picture. This powerful, easy-to-use solution gives senior executives and their management teams quick access to detailed financial information so they can make timely, well-informed decisions that help increase performance and profitable growth.

- Designed for bankers, by bankers. Banker's Dashboard delivers useful financial information in a format that aligns with how community bankers think. Because it works the way you do, it's intuitive and easy to understand, even for non-financial staff.
- One tool, extensive capabilities. Take a look and you'll understand why CEOs around the country say this is one management tool they can't live without. You and your entire team can immediately access the data and capabilities you need to run the bank and gain efficiencies in critical areas such as financial reporting and analysis, margin management, budgeting and forecasting, loan pricing and more.
- Up and running in just three days. There's no technology hassle or software installation. In days, not weeks, you can start each morning with the most current view of your bank's performance, wherever you have Internet access. The whole process is fast and secure.

Learn more at bankersdashboard.com

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profitability

Helping your training team make bottom-line business impact part of the discussion.

by Mark McCarthy

Mark McCarthy brings more than 20 years of sales leadership and training experience to his role as Director of Sales Competency and Training for Deluxe Corporation. His learning and development initiatives have reached more than 2,000 Deluxe employees. Follow Mark on Twitter at GrowTheBusiness.

The training has gone well so far. The topic is timely, the lessons clear. The trainer clears her throat and has the floor again. “Now, for the last hour,” she says, “I’d like us to examine how what we learned will impact our P&L.”

Faces drop, postures slouch. The building’s HVAC system is the only buzz left in the room.

Learners and trainers alike dread the prospect of connecting training to bottom-line performance. Corporate profitability is typically not among the objectives listed for financial services training. But it sure should be.

It is the trainer’s job to persuasively set overall expectations for what a learning session aims to achieve for each individual. In other words, the trainer is supposed to articulate how each participant will benefit — i.e., profit — from a valuable new skill.

But why stop there? Is it not a natural extension to cover how lessons hold profit not only individually, but also at a corporate level? Many trainers stop at the individual benefit because they’re chiefly concerned with the immediate payoff of their lessons. They forget to think long term.

Here are three tips for working bottom-line impact into your training without losing the room:

1. **Make it personal.** Package profitability objectives in personal metaphors for training participants — their homes, their bank accounts, their leisure time — to make them stick. Example: “By applying what you learn today at home, you’ll feel like you have a three-day weekend every week!” (See the faces perking up?)

2. **Show numerical impact.** By displaying figures such as “A 1% improvement in sales translates to $100,000 more profit for our branch” across your training materials, you can remind learners of how even subtle additions to an individual’s skill set can make a huge collective difference.

3. **Amp-up the evaluations.** Make sure your training team understands the connection between their teachings and profitability. For lessons with the most clear bottom-line relevance, have the team observe new behaviors (Kirkpatrick’s Level 3 Evaluation) or measure the business impact of improved employee performance (Kirkpatrick Level 4).

Yes, training largely focuses on the task at hand. But by tying each lesson to the bigger ideas — profitability, performance, productivity — you can give your training new meaning and help participants see more value in the time they’re spending with you.

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The View from C-Level

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Banking executives' attitudes and concerns about the current state of the industry.

We all know that thriving amidst regulatory change requires understanding the changing needs of banking customers and members. But the formula for success doesn't end there. It also takes sound strategic vision from leadership teams. Even the tightest ships need a rudder to stay on course.

The Collaborative recently shifted its focus to the other group critical to future banking success: C-level decision-makers. The goal was to meet with them to pick their brains, hear their reactions to our customer behavior insights, and learn how they planned to lead their institutions through the change.

Here are four key takeaways from those discussions.

1. **Caution reigns supreme.**
   While executives universally expressed a desire to differentiate, they also admitted their reluctance to try something new. The conservative nature of bankers prevailed, as many shared the passive "wait and see" approach of seeing what competitors are doing before acting.

2. **Many anticipate serious resistance to change.**
   Even the executives who see future opportunity recognize how hard it will be to get their organizations to move. Training came up often in the discussions — specifically, the importance of helping staff understand how certain changes must be made, no matter how difficult, to ensure long-term success.

3. **Leaders face a 'customer Catch-22.'**
   Most executives acknowledged that banking customers were changing and that their organizations needed to change, too. However, they expressed deep concern about how customers might react if their bank or credit union actually made changes.

4. **Adaptability will be crucial.**
   Decision-makers don't see today's sweeping change as a one-time thing. Rather, they see change as a new constant in banking, and believe that the most nimble financial institutions will be tomorrow's industry leaders.

So what to do? Revisit your value proposition and make sure you are aligned with new consumer expectations. Get organization-wide alignment on the vision for the future. Properly equip and educate your teams to respond. And base all of your communications around your new value proposition.

These executives understand the need for change. They believe that creating change is the pathway to thriving. How are you preparing your organization?

All Collaborative findings and recommended actions will be covered in detail at the 2011 Deluxe Knowledge Expo in Orlando. You can register now at: DeluxeKnowledgeExchange.com/Expo

Meantime, stay current on our progress at:

- *DeluxeKnowledgeExchange.com/CollabBlog*
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BACK IN THE MUD

The Starbucks recipe for renewed success, and how it relates to banks and credit unions.

by Nick Tasler

In January 2008, after 20 straight years of 5% or higher annual revenue growth, Starbucks Coffee Company announced that it had posted an anemic 1% growth. Newly reinstated CEO Howard Schulz sensed that something was rotten in the state of Starbucks. The culprit? Breakfast sandwiches.

Schulz recounts in his book *Onward!* that Starbucks did a lot of things well, but first and foremost it was "the coffee authority." The company obsessed about finding the highest-quality beans, the best roasting techniques, and fully educating every in-store "partner" on the nuances of coffee.

Once upon a time, Starbucks also obsessed on ensuring that every patron entering a store would be greeted by the scent of fresh coffee — without the stiff olfactory competition of burnt cheddar, compliments of the Starbucks breakfast sandwich.

Schulz faced a conundrum. In 2007, breakfast sandwiches accounted for 3% of Starbucks' revenue. To discontinue them would have been like lopping off a toe in the middle of a marathon. Yet, lop is exactly what Schulz did. He felt that the only way Starbucks could be returned to its glory was by "getting back in the mud." The company sought to rediscover its coffee roots by reducing the amount of CDs and breakfast sandwiches that cluttered the stores, diluted the brand and undermined the Starbucks position as the coffee authority.

By summer of 2009, despite a steadily declining economy, sales figures and stock prices for the stripped-down Starbucks were climbing once again.

Retail coffee is a different industry than banking. However, the Starbucks story highlights three vital decisions that leaders in today's banks and credit unions must also make:

1. Find your "coffee authority" equivalent.
Around the same time as the Starbucks drama was unfolding, Panera found itself in trouble as well. Its response was the same as Starbucks, only different.

Instead of de-emphasizing breakfast sandwiches, Panera introduced its steak sandwich. Rather than getting sucked into lose-lose price wars with fast food chains, or taking on Starbucks and the new McCafes in a coffee war, the food retailer shored up its affluent upper-middle-class customer base by providing another good yet convenient food option at a premium price. This strategy beautifully reinforced the core Panera offering, and it proved to be a very profitable one.

2. Decide what you should do more of to reassert your authority.
A back-to-our-roots approach does not mean forgoing innovation or shunning change. At Starbucks, it meant ramping up innovation relating to coffee, and spending months perfecting its new Pike Place Roast. It also meant closing every store in North America for one afternoon, eating $3 million in revenue to re-train every barista on the proper techniques for pouring espresso.

3. Decide what you should *stop doing* to reassert your authority.
Due to the innate psychological phenomenon of loss aversion, this third decision is the most difficult to make. You have likely grown attached to the new (and certainly the old) initiatives you've instituted at your bank or your credit union. Some of these bold new processes, programs or products were probably even your idea.

Yet, you must take an honest look at how you defined your "coffee authority equivalent" in the first point above, and use that definition as your litmus test for everything that's presently on the table. Is each initiative moving you the proper direction, or is it merely putting a Band-Aid on an open wound?

If it's the latter, you might need to amputate.

A matter of reassertion
Both Starbucks and Panera resisted the urge to reinvent themselves. They chose to reassert instead. Neither company buried its head in the sand or stubbornly insisted that they didn't

C Squared Studios/Photodisc/Getty Images
Chad Baker/Digital Vision/Getty Images

need to change anything. They insisted on going in a direction that was consistent with who they really are at the core.

When times get tough, the natural human tendency is to move toward the middle. Who wants to be the isolated gazelle on the edge of the herd when the lion is prowling nearby?

But here's why you should be that lone gazelle: the whole herd is looking a little gaunt right now, and the lion knows she can go directly into the crowd to find an easy meal. When a cloud of uncertainty hangs over the future, herds tend to get infected with a highly contagious virus of fear, mediocrity and conformity. You should keep a safe distance.

Verdant pastures are out there. But to find them, you must first define your unique direction, and then clearly articulate it for every employee across your organization. By doing so, every little decision and action will be passionately and obsessively reinforcing what you do best.

Nick Tasler is an award-winning author, speaker and human behaviorist. His clients include Fortune 500 retail and financial organizations, as well as major nonprofit and academic institutions. He is an online columnist for BusinessWeek *and a frequent guest lecturer at the Wharton School on topics concerning human performance and decision-making. You can contact and learn more about Tasler at DecisionPulse.com.*

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What's the GREATEST thing you can do?

by Will Marré

The economics of business are changing. I see this every day in the *Apple to Zappos* research we do on the new drivers of 21st-century business. As a senior executive at GE recently told me, "More new businesses will succeed and more old businesses will fail in the next 25 years than any time in history." He was dead serious. Almost all of GE's growth comes from new businesses it is starting.

This is great news for visionary entrepreneurs. But where does it leave leaders of "old" businesses?

Hopefully, all this disruptive change makes leaders itch to rev-up their entrepreneurial instincts and create ways to catapult their enterprise from behind the walls of business-as-it-used-to-be to the exciting new future.

Here are some lessons we've learned from companies we all admire (Apple, Starbucks, Intuit, Nike, Zappos, etc.) that apply to leaders in all industries.

Five ways successful "old" companies stay competitive with entrepreneurial new ones.

1. Leaders act like the founders — regardless of whether they are. They are leading because they have a great, big, value-soaked, inspiring idea they are dead-set on achieving. This makes them courageous, opportunistic mavericks willing to make substantial commitments to ideas that go against the grain of their competitors.

By contrast, typical senior executives act like professional managers fighting look-alike competitors in a cage match of cost reductions. But isn't it much more fun to out-create than out-compete?

2. They place value first, profit second. Big, unique ideas come from placing customer value before profit. Lately, all breakthrough products like the iPad, Starbucks instant coffee, Google Search, etc., arose from thinking how can we enrich people's lives with something they don't know they're missing.

These game-changing ideas don't come from wondering how we might raise incremental revenue by charging new fees or how we can eliminate jobs or reduce service. They actually spring from a different part of the brain — the creative center — rather than our analytical processing that is responsible for the small ideas.

Airlines are among the least admired companies by consumers. Charging fees for bags, flight switching and extra legroom are actually called negative innovations. Making money through negative innovation is a sign that company leaders are using the wrong side of their brain. In contrast, by thinking value first, we tap into empathy, our deepest source of humanity.

3. They attract new customers. Growth depends on both current customers spending more and new customers discovering they can't live without you. New customers are usually unwilling to consider doing business with you because it costs too much in time, complication or money.

MinuteClinic made access to common-illness prescriptions simple, easy and cheap by putting nurse practitioners in drugstore chains. Amazon has grown at an astonishing rate because it makes online shopping ridiculously easy. Consumers today tell us they want it all. They want it simple, fast, perfect and amazing. That's the only business model of the future.

4. They create "hives" of talent. Most leaders fruitlessly complain of not having enough "A" players. Of course there are not enough "A" players to go around. But that's not a handicap. The true satisfaction of leading is to earn "A" results with "B" players.

Thriving organizations have learned to create conditions that raise everyone's game. For instance, research is clear that people are more committed and more creative when they have work autonomy, growth opportunities and meaningful work. On the other hand, a rule-bound, obedience-based culture chases smart people away. High-expectation workplaces that value people attract people of value.

5. They turn up the volume on their best self. Fifty years of research on human motivation confirms we are the most creative, effective, inspiring and energized when we are fulfilling our unique potential in the pursuit of a meaningful purpose. Look at the leaders you most admire. That is what you will see.

It clearly appears that the only way to effectively compete in our hyper-competitive world is through an unrestrained commitment to creating the unique value only we can create. As Steve Jobs famously said, "Think of the greatest thing you can do. Do that!"

Game-changing success has one essential requirement: bone-deep courage to actually do the best thing you can imagine.

The best value you can create. The best workplace you can create.

That's the only thing the future will reward.

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. Will 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*

"Think of the greatest thing you can do. Do that!"

— Steve Jobs

Keep 'Me' Out of It!

Understanding today's valued customers and remembering that they're not like you.

by Martie Woods

It's a universal attribute of human nature, one that is responsible for many of the biases and misguided decisions that saddle us in our lives. I remember teaching this to my Intro Psych students at the University of Minnesota:

We readily forgive ourselves for the same things that we criticize others of doing.

Put another way, we tend to be enamored with and lenient toward our own opinions and actions. He's flighty, but I'm progressive. She's wishy-washy, but I'm thoughtful. And so on.

A subtle form of this thinking that appears in business is our tendency to assume that because we place such high value on our own views on things, then those views must be relevant. This dynamic plays an important role in protecting our egos. But it can also be damaging if we don't remember to back away, remove Thy Self from the situation, and acknowledge the myopic effects of placing ourselves smack in the center of everything.

It's not always ourselves that we are aiming to serve, especially in the working world, and financial services professionals have myriad opportunities to exercise this principle. Many of us are required to make quick decisions that will have far-reaching consequences. In these situations, it is important to note that we are not the target audience. We are not the new homeowner managing a mortgage, or the graduate repaying a loan, or the small business owner investing for growth.

And in these vulnerable times, we are not that person wondering whether a financial institution is even necessary anymore.

Shared behaviors

For the last 10 months, the Deluxe Collaborative has been researching customer willingness to perceive their bank or credit union as a partner that adds value they are willing to pay for. What we found is that many bankers feel they already know who these coveted customers and members are, saying something along the lines of, "They are just like me." They're not.

These people aren't a particular age group, or living in a particular place, or working through a particular life event. They aren't one particular thing of any kind, and this makes it extra hard to get a clear picture of exactly whom we are dealing with here.

Since we can't just install an airport scanner-like device at branches that records each customer's financial goals and attitudes toward your institution, we took the research approach. We scoured the data to identify any shared behaviors among customers who showed signs of willingness to consider — and pay for — a deeper relationship with their financial institution.

Here's what we found. People in this group are:

- More likely to own multiple accounts that they use to manage, save and budget their money
- More likely to have financial goals established and recorded
- Less likely to pay off their credit cards at the end of the month
- Less likely to keep extra money in their account as a buffer

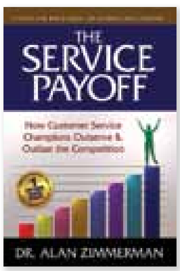
This group also shared the opinion that their bank or credit union should focus innovation on:

- Making it easier to access their money
- Helping them accomplish important financial goals
- Enhancing the relevance of their products and services
- Helping them bank more independently

As this industry moves into reinvention, these shared behaviors can clue you into knowing who the early adopters of a new product may be, and who might become an effective advocate for swaying non-believers. But most importantly, they will also help you control that natural tendency to assume that your tastes and preferences mirror those of your target audience.

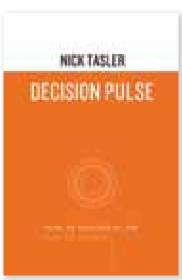
Martie Woods is chief experience officer at Deluxe. With expertise in consumer psychology and buying behavior, Martie's charge is to improve customer engagement and loyalty throughout the financial services industry. In her 11 years at Deluxe, Martie has been a leader in driving the company to focus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

BOOKS, BLOGS, EVENTS, ETC.



The Service Payoff: How Customer Service Champions Outserve and Outlast the Competition
by Dr. Alan Zimmerman

This step-by-step manual for customer service champions gives you all the tools you need to go *beyond* customer service and *beyond* customer satisfaction to achieve genuine customer enthusiasm. What many do not realize is how one little mistake in customer service could cost your business considerable revenue. Do you think it's a big deal when you lose a customer who spends very little with you? If not, you should. Research proves it. To learn more and find additional free articles, check out DrZimmerman.com.



Decision Pulse: How to Succeed in the Age of Uncertainty
by Nick Tasler

In this groundbreaking new book, human behaviorist, Bloomberg *BusinessWeek* columnist and bestselling author of *The Impulse Factor,* Nick Tasler takes readers on a fast-paced journey through two decades of scientific research that reveal how to overcome the faulty decision-making habits that prevent us from achieving our goals. This quick, compact book includes eight myths that make us indecisive and the Seven Essential Decisions for becoming a high performer both at work and at home. Gain further insight and read Tasler's blog at NickTasler.com.

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"Transform Your Retail Banking Business Today, Attract the Small Businesses of Tomorrow"

Martie Woods, Vice President and Chief Experience Officer, Deluxe Corporation

Pat White, Senior Vice President & Director of Retail Banking, Coppermark Bank

bai.org/retaildelivery/index.aspx

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aba.com/Events/Annual.htm

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NAFCU 2011 Regulatory Compliance Seminar
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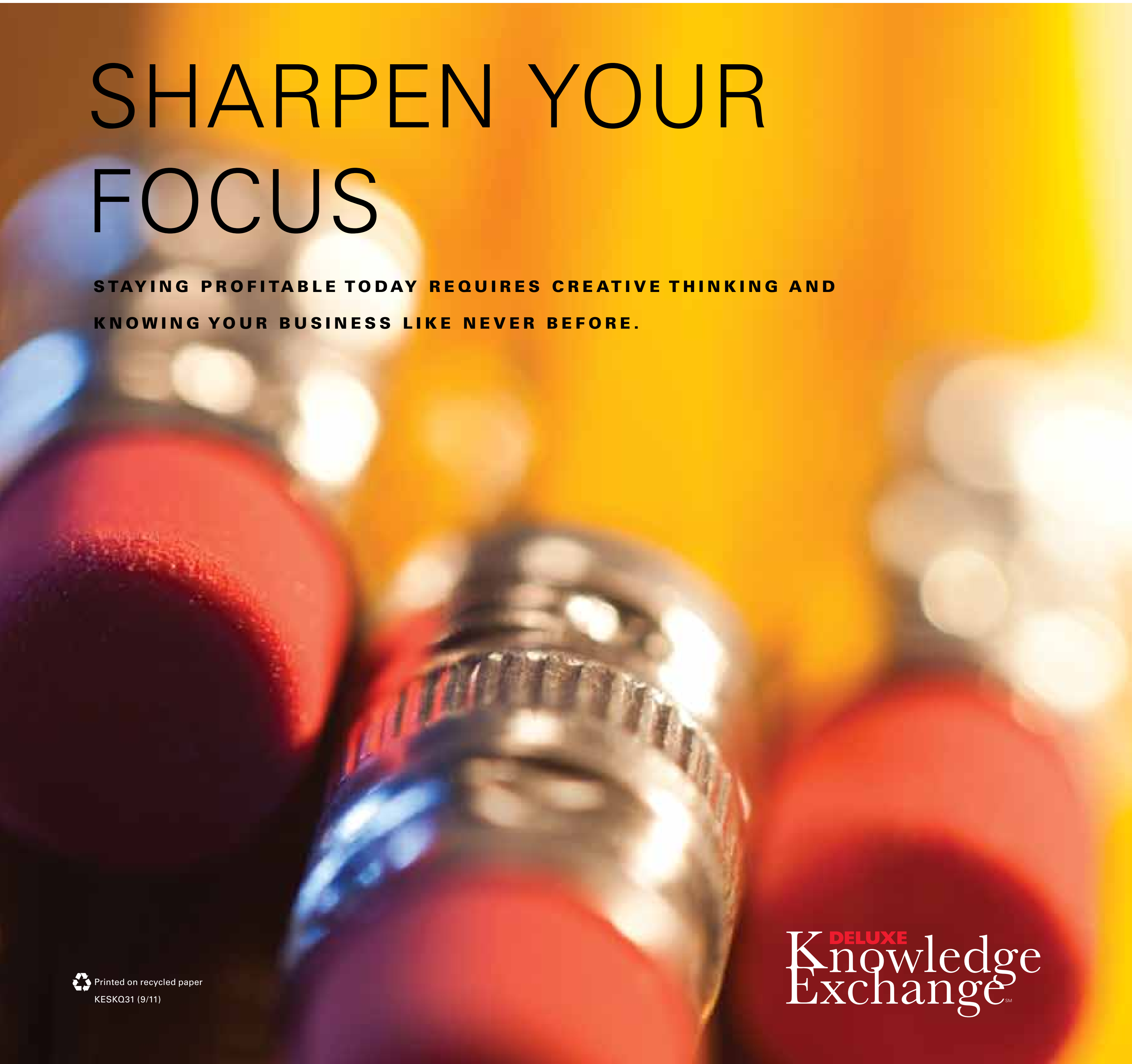

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