

A PUBLICATION  
FOR FINANCIAL  
PROFESSIONALS

The Deluxe Knowledge Quarterly™ KQ3 2012

**DELUXE**  
Knowledge  
Exchange<sup>SM</sup>

REMIXING VALUE AND PRICE  
FOR CHANGING TASTES



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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

### Stop calling them fees

Avoid the negative word “fee” altogether and replace it with subscriptions, upgrades and other value-driven terminology. *Keep It Separated*

### Adopt a consumer mindset

Understand the connections between the payment method and the purchase decision, and use them to your advantage. *The Way We Pay Matters*

### Make the price right

Changing the price of any financial product or service becomes much easier when customers understand the offering's true value. *A Consumer's View of Strategic Pricing*

### Let customers lead the way

Allowing customers and members to select their own checking account rewards may surprise you. *Security With Style*

### Avoid becoming a commodity

When customers know how your institution can meet their specific needs, they are less likely to care what your products cost. *Turn Up Value and Tune Out Price*

## The Fee Remix



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This issue of *The Deluxe Knowledge Quarterly* is dedicated to the topic of charging for services. It has become a weighty topic as the participation by depository institutions in our modest economic recovery has become increasingly dependent on the ability to generate what we've historically called "fee income." And this increased dependency comes in the face of various regulations that are purpose-built to limit or reduce certain types of fee income.

Nobody knows how quickly our economy will recover, or what it will look like when we get there. However, what we do know is that times like these tend to drive transformation and innovation that shape industries for generations to come.

All of this is happening simultaneously with more than a decade-old shift in consumer expectations toward more personalized services — much of which is being driven by their online experiences inside and outside of the financial services world. Just think about the way we as consumers are now able to buy music, books and movies, to search for knowledge and to stay connected with people and businesses alike. The list goes on. In many cases, these services are free or at least less costly than their physical world analogue (if there is one). As customers, our value equation increasingly includes a higher degree of personalization.

We are not alone in surmounting these challenges, as similar issues exist in the insurance and telecommunications industries. We are all struggling with the same questions: How do you prove your offerings are valuable and how do you monetize them? The answer demands creativity and boldness.

This issue of our *KQ* highlights some of this creativity. A good example is Scott Kluge's article urging us to move away from the punitive concept of the "fee," and Sarah Petty's piece about how banks can create value for a niche audience. You also won't want to miss Sherry Christie's exploration of consumer perception and setting prices that optimize value.

Enjoy your read,

John Filby  
President, Deluxe Financial Services



# KEEP IT • SEEP • A • RAT • ED

*by Scott Kluge*



*Differentiating an offering's value from the amount you charge for it.*

Financial institutions are getting better at marketing themselves. However, many still overlook a practice so widespread that it is difficult to see: they continue to refer to one of their main revenue sources as “fees.”

This moniker only reinforces the perception of being penalized — a “gotcha” — as opposed to the bank or credit union providing a quality service at a fair cost. The problem is not that financial institutions are charging for their services; it's that there are not enough obvious benefits to the consumer to warrant being charged.

The word this industry uses to describe service charges only adds difficulty. When was the last time you viewed a fee as a value-added transaction? I can't think of an example, either. But I can easily recall a long list of subscriptions and memberships in my life, where I gladly paid something up-front to get something of value in return.

Magazines and newspapers charge subscriptions to offset their costs, for example, and consumers view the subscription price as a fair trade for the content being delivered. Ask most American Express members why they pay an annual fee, and they will mention membership benefits that more than justify this outlay.

In either case, there is an easy way to eliminate all fees: don't use the service. Therefore, whenever a consumer faces a fee situation, he or she naturally assesses whether the benefit of the service outweighs the charge. Let's follow the logic of how this might sound for a banking consumer:

*“Given that banks are in business to protect my money and to make money on the interest spread between deposits and loans, any fee that penalizes me for putting my money into a bank is contrary to the reason why I would use one in the first place. Paying a monthly fee to use my own money doesn't make sense.”*

So what is a bank or credit union to do? Deliver services of obvious value for which consumers are willing to trade up and pay. Here's a great example: turn your mobile app platforms into a source of income.

**Basic for free, charge for trade-up**

Most financial institutions provide a free mobile app for customers to do basic things like check balances, transfer money and find nearby branches or ATMs. But this same app could become a platform to up-sell and generate subscription revenue (formerly referred to as “fee income”).

SINCE A FEE IS  
INCAPABLE OF  
POSSESSING VALUE,  
IS IT REALLY THE  
BEST WAY TO  
DESCRIBE WHAT  
YOU CHARGE FOR  
YOUR SERVICES?

Consider the innovation that allows consumers to securely deposit a check by taking a digital photo of it with their smartphone. This service provides an obvious convenience benefit for the customer — and a tremendous income potential for the bank. How? By offering basic smartphone app functionality for free, and then charging a small subscription price (\$4.99, for example) to unlock the capability to deposit checks using their smartphone cameras.

Throw in the ability to make peer-to-peer payments, and you've got a nice bundle of value-added services for which consumers can easily recognize what they're paying for.

Now, think about how that same mobile platform could generate other sources of revenue. While continuing to use the app to cross-sell credit cards, car loans or brokerage services, you could offer the option to upgrade to an insured e-wallet, again for a nominal annual subscription price.

While offering smartphone payment functionality at no charge, you might get away with charging for protecting the payment vehicle. Insuring against smartphone loss or theft would be a clear value-add for those consumers who like extra peace of mind.

#### **Make someone else pay**

Another way to generate fee income through consumer activity is to embed charges as transaction fees paid by other service providers. For example, consumer credit and debit card transaction volume exploded as the cards became a convenience tool for consumers, and issuing banks reaped the benefits of small fees paid by the businesses accepting credit and debit card payments.

Future growth in electronic payments will likely occur in peer-to-peer transactions that have historically been made via cash or check. Many banks and credit unions are now starting to support electronic peer-to-peer transactions, but it is common for up to three days to pass before a payment moves from payer to payee. What if you offered three-day e-transfers for free, but provided an expedited service with same-day clearing for a small charge per transaction? The added value is obvious.

Consumers are willing to pay for apps and banking services that provide benefits to them. Now it is up to banks and credit unions to align their innovation efforts with consumer demand, while also making it obvious how every fee delivers added value for customers and members.

It is this mindset that will reduce your need to charge and increase fees — and free you from using the word “fee” altogether.



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*Scott's experience includes working with leaders in the banking and credit card industries, helping them develop innovative products and services and more effectively move customers through the purchasing process.*

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## THE WAY WE PAY MATTERS

by Martie Woods

# UNDERSTANDING THE PSYCHOLOGY BEHIND WHY AND HOW PEOPLE SPEND.



Many bankers have assumed the role of money manager for their customers and members. While offering financial advice, however, few cover the psychology behind why and how people spend money. We should. Understanding this aspect of the buying decision puts us in a better position not only to control our own behavior, but also to guide customers more effectively.

There is a logical side to each of us — the side that understands how to budget, pay down debt and factually assess whether we should buy something. But there is another side present in every buying decision: that emotional, irrational and impulsive inner voice urging us to ignore our good judgment and just go for it.

Which side wins depends on many things, but one of them may surprise you: the method we use to make a purchase. Research has uncovered that one of the key factors influencing the extent to which we will scrutinize a purchase rests in how we pay.

Paying with cash is more likely to lead us to question our actions. Using cash is less convenient than using a credit card, leaving us more time to evaluate our behavior. But there is more to it. Paying with cash is also a loss of something tangible and valuable — our money — which can weaken our attachment to the object being bought. The more of a loss we experience, the less we value the item responsible for the loss, and the greater the chance of forgoing the purchase.

In contrast, when we pay by credit card, we do not experience this acute feeling of loss. We get our credit cards back after the transaction, after all. Nothing tangible disappears before our eyes. It is much easier to focus on the thrill of the purchase and bypass the evaluation period that often accompanies the use of cash.

Having credit is a privilege that consumers should feel great about if used wisely. Who better to guide them in that direction than their banker?

### 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.

WE FEEL A  
STRONGER SENSE  
OF LOSS WHEN  
PAYING WITH CASH  
THAN WHEN WE  
USE PLASTIC.





## A CONSUMER'S VIEW OF STRATEGIC **PRICING**

*Find the sweet spot in customer perceptions to gain new flexibility in pricing.*

*by Sherry Christie*

No more clearance racks at JCPenney! That's what happened when a new CEO introduced the "fair and square pricing" strategy. After revenues plunged 20%, the retailer reversed course, having learned the hard way that customers value its stores for bargain-hunting.

As regulatory changes limit fee income, many financial institutions are trying new pricing in the form of more (or higher) fees. But JCPenney's experience reminds us that pricing must meet the customer's perception of the value provided.

The average bank or credit union customer is often unclear on the value their institution offers. Moreover, institutions tend to be opaque about pricing decisions. New fees announced without explanation may be perceived as arbitrary and excessive: "What do you do with my money that's worth \$12 a month?"

### **Clearly communicate value**

In today's consumer marketplace, there are essentially two value propositions: "We're the cheapest" and "We're right for you."

Cheapness shouldn't be sneered at. Paired with a focus on simple products and customer-centricity, it's a role that works well for mutual-fund giant Vanguard Group. But the position doesn't appeal to banks and credit unions who find it incompatible with trust.

What about "right for you"? Card issuers use this approach with success: for wealthy spenders, there's the Centurion® (Black) card; for frequent flyers, the Delta SkyMiles® card; for readers who shop online, the Amazon Visa® card. These products not only provide meaningful rewards, they distinguish the cardholder when presented at the point of sale. (It will be hard to do this with a virtual wallet.)

While institutions should target desirable market segments, remember that it costs more to reach out to prospects than for prospects to reach out to you. That's why every institution needs to prioritize communicating the value it provides — especially because so many people think financial services should be free.



### **Tell them why you're right**

You may have seen wealth manager Bessemer Trust's ads: "We have no hidden agendas.... [O]ur owners and employees literally invest their own wealth right alongside that of our clients." They work because when customers recognize value they can identify with — in this case, expertise and shared interests — they feel good about aligning with it and become less price-sensitive in paying for it.

What value can you talk about? If you step back and consider the customer's point of view, it can lead to a highly effective marketing program. Once customers believe in your value, you'll have more freedom to set prices from the top down (what your products are worth) instead of sideways (what other institutions charge) or from the bottom up (cost plus). But the value horse must precede the pricing cart.

### **Minimize the pain**

These days, your competition includes all the other service providers your customer uses. Many of these understand the behavioral finance axiom that it hurts customers twice as much to be charged more than it pleases them to be paid more.

There will always be an "ouch!" factor, because you can't give away your products for free. But a number of pricing models aim to maximize value and minimize pain:

- *Annual subscription.* For \$79, Amazon Prime offers a year's worth of next-day deliveries. Banks and credit unions might consider an annual fee that entitles a customer to a discounted interest rate on every type of loan.
- *"Frequent customer" discounts.* The corollary to retailer swipe cards is a relationship discount on financial products. Or thank customers with coupons for local merchants, with a "value" tie-in on the cover note.
- *Pay up front and get unlimited free updates.* Microsoft, Adobe and other software companies notify customers of free upgrades. Do you have a program of newsletters and special offers to strengthen customer relationships?
- *Low one-time cost.* For \$0.99, consumers can download a song, an app or a book. Why not a Buying a Car Kit branded by your institution? Or kits for Buying a Home, College Planning or Retirement?
- *Pay less with ads.* A \$79 basic Kindle with "special offers" entices buyers to trade up

to ad-free Kindles that cost \$300 more. Could you offer two-tier pricing for online banking (basic or with Mint.com-like extras)? Or upgrade online customers to a fee-based premium site that offers economic insights?

After JCPenney's pricing misstep, chastened CEO Ron Johnson summarized the takeaway: "The most important thing is to...make sure the core consumer understands JCPenney still has products they love, at exceptional value, every day."<sup>1</sup> Once you understand and communicate your value in a way that makes customers glad to do business with you, pricing flexibility will follow.

<sup>1</sup>Mae Anderson, "JCPenney tweaks pricing strategy again," *The Seattle Times*, 7/26/12



*Sherry Christie is co-author of The Client Connection: How Advisors Can Build Bridges That Last and The Advisor's Guide to Money Psychology. A Phi Beta Kappa graduate of Mount Holyoke College, she numbers several big banks, community banks and credit unions among the clients of her financial writing business. Learn more at [sherrychristie.com](http://sherrychristie.com).*

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# Peering

## Security With Style

When a thriving credit union allowed members to choose their own rewards, Deluxe identity theft protection topped the list.

*Mountain America Credit Union  
West Jordan, Utah*

By all accounts, Mountain America Credit Union (MACU) is already having a record-breaking year, and the third quarter isn't even finished. With 70 branches in five western states and nearly 350,000 members, MACU attributes its sustained growth to a member experience that emphasizes power and choice.

"We want to make it as easy as possible to do business with us," said Troy Backus, Product Development Manager. "That's our big point of difference. Our products and services are tailor-made for members."

One of the credit union's most popular products is MyStyle Checking, which allows members to select rewards according to how many other MACU products and services they use. For example, by choosing online banking, e-statements, a debit card and bill-pay service, a member can customize a MyStyle Checking account with free checks, music downloads, cash gifts, interest-earning options and more — including identity theft protection from Deluxe.

"The idea is that the more products members have with us, the better the benefits of their membership," said Derek Knowlton, AVP, Product Development. "When we created the product, our member surveys and market research clearly showed that people gravitated toward identity theft protection. We knew Deluxe provided this offering. We were already comfortable with the relationship, and we were confident Deluxe would protect our member data. It just made sense."

### **Proven protection**

The product MACU selected is Deluxe Provent®, an integrated suite of services designed to prevent and detect identity theft, as well as restore compromised identities (see sidebar for more details). Members can choose from two levels of protection as a MyStyle Checking reward.

Implementation went smoothly from training to testing to marketing. Using customized materials from

Deluxe, MACU began promoting identity theft protection as a built-in benefit of MyStyle Checking when the product was introduced in 2011.

"Overall, the rollout of Provent went really well," Backus said. "We didn't have any issues with getting members signed up, or with testing. Data transfer is really simple. Basically, we create a file and send it to Deluxe and they take care of the rest. It takes a lot of stress off of our team."

Although not as wildly popular as iTunes credits, identity theft protection is consistently a top-five choice among the 15 rewards MACU members can select from when they sign up for MyStyle Checking.

"Some of the biggest fans are our own employees, who choose it as a reward for their own checking accounts," Knowlton said. "That's a testament to the quality of the solution."

In fact, Knowlton himself got a taste of the solution's proactive approach firsthand.

"A few months ago, I received an email from Provent out of the blue advising me to change my Yahoo password," he said. "I didn't know it at the time, but this was right after Yahoo had been hacked and lost half a million logins and passwords. The email was the first I heard of it."

### **Empowering members**

For MACU, what Provent delivers more than anything else is peace of mind for members. Because identity theft incidents, such as the Yahoo hack and others, are featured so prominently in the news and social media, members understand they need some level of protection. By wide margins, they prefer to get it from a source they already trust, such as their local credit union.

To this end, members call the MACU service center with any questions about identity theft or the details of their service. MACU representatives handle all account-related issues (such as registration or e-mail address updates) and escalate



all identity theft questions directly to Deluxe.

“Based on how easy the Deluxe team is to work with, I would recommend this service,” Backus said. “Compared to other offerings, the cost and quality are exceptional. We can also count on the data security, which is critical for any financial institution.”

More important, the solution has helped contribute to the lasting success of MyStyle Checking.

“MyStyle Checking has been very successful for us,” Backus said. “It’s highly popular. Members like it because we’re giving something back to them that they value. It’s been an exceptional tool, and it has allowed us to maintain the rapid growth we’ve experienced recently.”

## Deluxe Provent® Identity Theft Protection

### Take aggressive action to prevent identity theft.

Identity theft can leave its victims feeling inconvenienced, unsettled and even betrayed. The costs to recover are significant. Deluxe helps banks and credit unions make sure identity theft does not compromise customer and member relationships. Examples of Deluxe Provent solution packages include:

- **ID Restoration<sup>SM</sup>**: A dedicated specialist is assigned to each user to assist with restoration should the user become a victim of identity theft. This service also eliminates paper trails and reduces the risk of fraud and identity theft with secure online storage of essential personal information.
- **ID Protect<sup>SM</sup>**: This service includes everything offered with ID Restoration, along with proactive Internet monitoring and alerts. These searches of select data and records help identify risks associated with up to 14 consumer identity elements, such as credit card information.
- **ID Protect Plus<sup>SM</sup>**: All the benefits of ID Protect, plus 1-bureau credit monitoring for users who want additional reassurance through enhanced monitoring.
- **Vault<sup>SM</sup>**: Secure, digital, offsite storage of important documents, with 24/7 secure access via the Internet.

Get details and read customer testimonials at:  
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# TIME TO freshen up.

by Heather Vaughan

I have a confession to make. While I know it's not the frugal choice, I prefer my local hardware store to the big chains when I'm tackling a DIY home improvement project.

First of all, the guys at my neighborhood store can interpret what I'm asking for, sell me what I actually need, and even tell me how to get the job done more easily. Second, I like to dig through the bargain bins to see if there is a cool new gadget that I absolutely can't live without. (Only if it's a really good deal, of course.)

During research interviews for the 2012 Collaborative, we heard consumers say they want this same kind of value from bankers.

What do they mean by this? They want us to share our practical know-how and help solve their financial challenges. They want us to figure out

what they actually need, regardless of what they ask for. Consumers want to learn something from their local financial institution — and if the insight they get is valuable, they are willing to pay for it. Here's some of what they said:

*"Help me think through my options, the pros and cons."*

*"Work with me to come up with a plan."*

*"My bank must know how to do this better than me!"*

Right now, however, consumers can't imagine that banks and credit unions are ready, willing and able to do any of this.

Consumers also want us to show them all the tools, technologies and products that can enhance their financial futures — not just the tried and true offerings they are familiar with. They want solutions that are "fresh," new, creative and cool. They told us that without the element of freshness, products seem

ordinary and stale. They don't feel inclined to buy old, stale things. As one consumer put it:

*"When I see something fresh, I want to spend. I want to buy. I want to taste it. I want to wear it. But only if it's new."*

Unfortunately, today's consumers don't see much of anything that is fresh in their banking relationships.

What can you do to change this perception? How can you promote your ability to deliver know-how? And how can you make it fresh? Share your thoughts with us at:

- [DeluxeKnowledgeExchange.com/CollabBlog](http://DeluxeKnowledgeExchange.com/CollabBlog)
- [DeluxeKnowledgeExchange.com/Facebook](http://DeluxeKnowledgeExchange.com/Facebook)



Heather Vaughan is the Experience Director at Deluxe, overseeing the strategy and direction of the Deluxe Knowledge Exchange. She leads a team responsible for the development and implementation of the Deluxe Collaborative Experience, The Deluxe Knowledge Quarterly publication, and the Deluxe Knowledge Expo. Heather has also been heavily involved with the Deluxe Collaboratives, which have resulted in the development of innovative new solutions for Deluxe clients.

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CUSTOMERS GET EXCITED ABOUT  
BOLD INSIGHT AND NEW PRODUCTS.

## Are you delivering the goods?



## Rev Up **YOUR SMALL BUSINESS** Business

### SOME TAKEAWAYS FROM OUR RECENT FORAY INTO WORKING CLOSELY WITH SBOs.

Small businesses and financial institutions face the same challenge. Just like us, they struggle daily with how to maintain healthy bottom-line growth by attracting and retaining the best customers.

To this end, Deluxe recently completed a yearlong program called Project REV in collaboration with SCORE (score.org), a nonprofit that provides counseling and mentor programs to small businesses nationwide. The primary goal of Project REV, which launched in 2010, was to help small businesses discover and learn how to use marketing tools that will bring more promising customers their way.

We hand-selected nine small business owners (SBOs) to work with from across the country. Next, we invited them to an intensive, three-day planning session spent analyzing and understanding each owner's unique situation. We then worked closely with individual SBOs to craft a customized marketing solution composed of a strategic plan, media training, and recommended marketing and measurement tools. We also provided each owner with more than \$5,000 worth of Deluxe products and services, and offered individual guidance and coaching for 12 months.

The outcomes? Incredible, across the board. One participant reported a tripling in year-over-year sales. Another cited a transformed business that has led to "a new life," while yet another is now the go-to expert on the local TV news for stories related to his line of work.

That was marketing. You're in banking. How do Project REV results relate to helping you engender stronger loyalty from small business owners?

Perhaps it's simply that a strong first step in better serving them involves setting aside time and resources to really — really — understand them: their needs, their challenges, how you are uniquely positioned to help them succeed. This is exactly what we did with Project REV, and we were able to accomplish incredible results together. By committing yourself fully to this lucrative customer segment, you might achieve something similar.

## SMALL BUSINESS by the numbers



OF SBOs SURVEYED INDICATED SOME LIKELIHOOD OF SWITCHING BANKS IN THE NEXT TWO YEARS

(Source: BAI Banking Strategies)

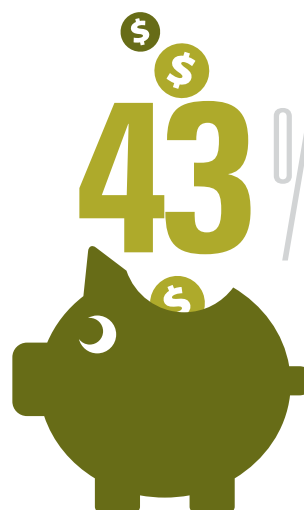


(Source: 2012 Power Small Business Banking Study)



OF BANKERS SURVEYED SAID THEY INTRODUCE PRODUCTS TO SBOs BEFORE ASKING THEIR NEEDS

(Source: 2012 Power Small Business Banking Study)



OF SBOs SURVEYED SAID THEY ADDED A NEW BANK PRIMARILY TO REDUCE FEES

(Source: Barlow Research Associates Inc.)

What ideas do you have for strengthening your relationships with small business owners? Please share them online!

[DeluxeKnowledgeExchange.com/KQ312SmallBiz](http://DeluxeKnowledgeExchange.com/KQ312SmallBiz)

*Turn up*

VALUE  
&

+

*Tune out*

PRICE

by Sarah Petty

Many consumers see banking like airline tickets or gasoline. It's something they need, yet they struggle to distinguish between brands. Often, they go with the cheapest provider. And while *you* know what makes your institution different than the bank down the street, consumer perceptions like these can't be ignored.

If consumers think your business is no different than an easily obtained substitute, you become a commodity. When that happens, price becomes the only deciding factor when consumers are choosing a bank or credit union. From their perspective, you provide no additional value to warrant a higher price.

So how do you make sure you're not seen as a commodity? How do you stop attracting customers who only care about fees? It starts with a simple idea: when you try to be all things to all people, you delight no one.

#### **Find your niche**

Many banks and credit unions position themselves as one-stop shops for every need: business, personal, mortgage, car loans, checking, college funds, savings, CDs, the works. When financial institutions specialize in nothing, however, they fail to differentiate themselves in the eyes of their ideal customers. You wouldn't go to a general practitioner for knee surgery, would you? No. It doesn't make sense.

I speak from experience. Specializing in a niche — and getting really good at creating products and experiences that delight clients in that niche — contributed to the rapid growth of my boutique photography business. I love photographing young children, so I invested in special equipment to make the experience safe, pleasurable and unique. I do not specialize in photographing weddings, large families or events. While I accept these clients from time to time, they are not where I focus my energy, investments or time. I promote my business as the place to go for heirloom-quality custom photographic artwork of children.

When you get specific about who your ideal customer is, it becomes easy to delight them. I understand what a new mom values. I know she's staying at home with the baby, so she has more time than a mom with four pre-teens who is shuttling kids between school and activities. I understand what charities tug at her heartstrings, where she shops and what she values in her life. Because I specialize in this niche, I foster deeper connections by supporting my customers' interests.



# CREATE VALUE FOR SPECIALIZED OFFERINGS TO AVOID BECOMING A COMMODITY IN YOUR IDEAL CUSTOMER'S EYES.

The same is true in banking. You know the needs of the recent retiree vary greatly from the needs of the college graduate who just got married, or the aggressive small business owner looking to expand.

## **Collaborate with customers**

My own bank does a great job of specializing, and they really understand my needs as a small business owner. Are they the cheapest in town? I honestly don't know, because it doesn't matter to me. The value I get from them is worth every penny.

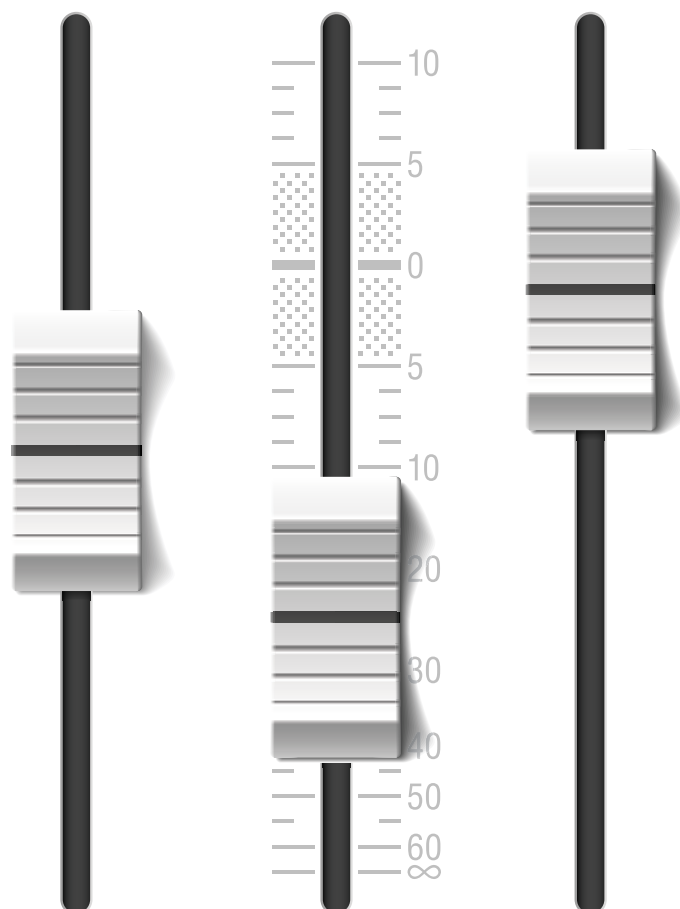
My banker knows I travel often, which makes it challenging for me to stop by a branch and sign paperwork. So, she brings it to my office instead, saving me at least 30 minutes. And in my world (as in yours), time is money. My banker also seeks opportunities for me to speak at events for other local businesses, because she knows this is an important part of my growth strategy. By doing these things, my bank is much more than a facilitator of deposits, withdrawals and loans. My bank is a partner in my business's growth. That's definitely not a commodity — and it makes me much less concerned with pricing and fee structures.

To avoid being seen as a commodity, look for areas where you can specialize and create a brand that is truly different. It doesn't matter whether you become the credit union that offers the most one-on-one attention, or the fastest bank in town, or the place that helps families get on solid financial ground. It only matters that you eat, sleep and breathe that point of difference. Bring it to life in ways that are meaningful to your ideal customer. Become a brand that doesn't just offer the same old products and services. Strive to stand out. And if your price happens to be higher, don't apologize. Because you're worth it.



*Sarah Petty is the co-author of the New York Times best-seller Worth Every Penny: Build a Business That Thrills Your Customers and Still Charge What You're Worth. You can download a free chapter at [wortheverypennybook.com](http://wortheverypennybook.com). She is also the founder of The Joy of Marketing, where she and her team teach small business owners how to charge what they are worth.*

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What did you think of this article? Share your thoughts by joining the online discussion at [DeluxeKnowledgeExchange.com/KQ312Petty](http://DeluxeKnowledgeExchange.com/KQ312Petty)

DECLARE YOUR PERSONAL

# MODEL YOUR CAREER

*by Will Marré*



FREE YOUR CAREER BY  
RUNNING IT LIKE A BUSINESS,  
WITH THE VALUE YOU CREATE  
AS YOUR PRODUCT.

We live in a great age. It's a time in history where we can each choose where we want to live, what work we want to do, and whom we want to love. That's a big deal. If we had lived in a previous era, most of these things would have been chosen for us. We would have lived in the same village or town we grew up in, done what our fathers or mothers had done and been pressured to marry someone chosen by our parents. Yes, freedom is great if we choose to use it.

And many of us don't.

We act as if we have no choice. The little, frightened inner voice says we must "take what we can get" or "it's no time to take a chance." But when we face the truth, the greatest risk we can take is not to take a risk. The risk we must take is to invest in our own future. The future we most want. We have to because the world has changed.

Today, we all work for ourselves whether we realize it or not. No job can be secured by loyalty and hard work alone. I have personally seen unexpected mergers or downsizing evaporate jobs of competent, dependable people by the thousands. Most estimates are that today's 20-year-olds will have 12 to 15 different employers over their career. And the largest group of long-term unemployed is now 50- to 60-year-olds who were laid off and can't find a new job at a similar salary. It's called forced early retirement.

I know. All that sounds tough, and it is. So there is only one thing to do. Run your career like a business. No matter who is signing your paycheck, today you are Me, Incorporated.

#### **Develop your extreme expertise**

The new career reality means we must find ways to create our unique value. It means we must identify our motivated talents, which are things we are good at that we intrinsically enjoy doing. It means we must understand how we make our biggest difference that people value. What would our employer or our team miss if we weren't there?

The future has no need for generic workers, so we must become extreme experts at something that matters. If we do, we will always be in demand. If we don't, we will always be afraid.

Developing extreme expertise is simpler than you think.

Here are steps:

1. Think of your career as a business. The value you create is your product. It consists of what you know and can learn, what you can do today and tomorrow and how you can collaborate with other people. This combination of what you know, what you do and how you work with others is your unique value proposition. Commit to it.
2. You must continually invest in two types of knowledge, both broad and deep. You must keep current on virtually every aspect of modern life — from technology to social trends to economic events. You must commit to keep learning

the latest discoveries and best practices in your field and industry.

3. You must powerfully and prolifically communicate what you're learning and how it can add value.
4. You must demonstrate competence and character to build trust. Trust is rare. It is valued. Your career depends on others trusting you to perform and keep your commitments.
5. You must find intrinsic satisfaction and even joy in your work. If you do, you will naturally invest your energy in becoming extraordinary. If you don't, you'll be exhausted, take shortcuts and be vulnerable.

Every superhero has a single superpower that makes them needed. I am convinced everyone has his or her own superpower that lies at the intersection of their soul's deepest desires and their unique gifts, and the world is in desperate need of committed individuals. The future will be won by the superheroes who seem like ordinary people and are willing to make their difference every day.

**IT'S SIMPLE.  
BECOME EXTRAORDINARY  
BECAUSE YOU CAN.**



*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](http://willmarre.com)*

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# FREE YOURSELF FROM *free*

*Helping consumers willingly pay for your banking services.*

by Martie Woods

How quickly things have changed in terms of the promise this industry is making to consumers. Let's rewind to this clear promise we made many years ago: *We will hold your money for free.*

In hindsight, this promise seems, well, underwhelming. But it worked. Consumers opened accounts understanding the need to abide by certain requirements. Their deposits provided the assets financial institutions needed to lend money, and there we had the core of our engine.

Over time, however, cost of doing business increased with the introduction of online banking, mobile banking and bill pay services, but financial institutions found it hard to charge for them. Why? Because the promise remained. We were still holding people's money for free. Then came reduced loan demand and difficulty lending to people who needed money, further compounding the rising costs.

Banks and credit unions turned to fees for closing the gap between higher expenses and lower revenues. We modified our promise to this: *We will still hold your money, but not for free.* This new promise equated to charging fees for checking accounts, debit cards, online bill pay and more. The customer backlash was severe.

This short-term fix was cut even shorter when regulations curtailed how banks and credit unions could charge customers for "bad behavior."

Now the industry faces a vexing question: under what circumstances will customers tolerate paying for services from their bank? First, I believe you must do more than hold customers' money, by offering products that help them accomplish something they find important. Second, you should charge them for things they value. Make it more about buying good stuff and less about paying fines for bad behavior.

You should also consider *how* you charge. Just because it has been done a certain way for years doesn't necessarily mean it's still the best way.

## **New pricing approaches**

We recently designed a fictitious product based on direct input from consumers, including which features they'd be willing to pay for, and what alternative ways they'd consider paying for their banking:

- **Flexible pricing.** This "a la carte" program begins with some basics and a set price. From there, customers choose extra features, each individually priced. They can also accept discounts for maintaining a minimum balance, making direct deposits and receiving electronic statements.

- **Subscription pricing.** This approach offers a single annual membership fee for unlimited access to key banking products. The fee also covers services like out-of-network ATM transactions, check processing or overdraft coverage, with no required minimum balance.

- **"Free with ads" approach.** This approach has no minimum balance requirement and a robust set of features, but requires opting in to receive ads that help customers improve spending power.

Participants preferred the "free with ads" option, which should be no surprise considering it is the most "free" of the three. But there was a bigger takeaway: when you offer something more compelling than holding customers' money, they become willing to pay for it.

So instead of charging for services you formerly offered free, you might make better use of your time by:

1. Reviewing your offering and asking: what is it accomplishing?

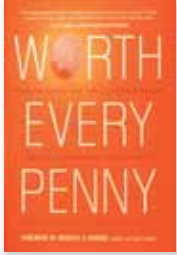
Martie Woods is Vice President and Chief Experience Officer at Deluxe. With expertise in consumer psychology and buying behavior, Martie's charge is to improve customer engagement and loyalty throughout the financial services industry. In her 12 years at Deluxe, Martie has been a leader in driving the company to focus on customer-centered decision-making and innovation.

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2. Developing products that help customers accomplish things financially that they deem important.
3. Replacing a perceived punitive fee model with a perceived value-added model.
4. Teaching staff to sell the value you offer — including unapologetically transitioning consumers to new pricing models.

It's unsustainable to give away products. By instead providing fresh solutions that customers value and are willing to pay for, you will discover a viable, long-term path to profitability.

## BOOKS, BLOGS, EVENTS, ETC.



**Worth Every Penny:** Build a Business That Thrills Your Customers and Still Charge What You're Worth  
by Sarah Petty and Erin Verbeck

In this insightful book, authors Petty and Verbeck explain how small business owners can stay profitable while avoiding the pressure to discount. This radically different model starts with a brand that allows owners to charge what offerings are actually worth, and continues with customer experiences that boost margins and loyalty. Throughout *Worth Every Penny*, the authors use real-life experiences and vivid anecdotes to build their case.

**Deluxe recognized as a leader in innovation at two conferences**

In June, Deluxe was recognized as a leader in Innovation for our use of the RSA Archer Governance, Risk and Compliance (GRC) solution. We purchased the solution in June 2011 and have since implemented modules to track IT risk activities in Vendor Management, Exception Management, Records Management, PCI Assessments and Policy Management.

In July, the National Association of Federal Credit Union (NAFCU) Services Corporation recognized Deluxe Corporation as a leader in innovation for our SwitchAgent program. We were honored alongside Affinion and Discover as the winners of the 2012 Innovation Awards at NAFCU's 45th Annual Conference in Nashville.

Deluxe PartnerUp was also recently nominated for the 2012 Small Business Influencer Awards.

To learn more about these Deluxe awards, please visit:  
[DeluxeKnowledgeExchange.com/AboutUs](http://DeluxeKnowledgeExchange.com/AboutUs)

## GRAPHIC DESIGN USA

**This publication wins national design award**

Graphic Design USA recently recognized *The Deluxe Knowledge Quarterly* with a 2012 American Graphic Design Award.

**DELUXE**KNOWLEDGE  
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**February 12–14, 2013 | Chicago, IL**  
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[deluxeknowledgeexchange.com/expo13](http://deluxeknowledgeexchange.com/expo13)

**Upcoming conference appearances**

**October 14–16, 2012 | San Diego, CA**  
**ABA Annual Conference**

Winning in the Small Business Market

Martie Woods, VP & Chief Experience Officer,  
Deluxe Corporation

[aba.com/Training/Conferences/Pages/annual.aspx](http://aba.com/Training/Conferences/Pages/annual.aspx)

**October 28–30, 2012 | Dallas, TX**  
**Loyalty 360 Engagement & Experience Expo 2012**

Using Research to Establish Customer Experience and Innovation as a Key Priority

Martie Woods, VP & Chief Experience Officer,  
Deluxe Corporation

[engagementexpo.com](http://engagementexpo.com)

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