

Speaker 1: 00:02 So today we are partners with Clinton's presidency. John gently is talking about the need to accelerate their digital journey so check it out.

Speaker 2: 00:13 Welcome to our show and on today's program we have Mr. George enclave's from partners Federal Credit Union. Up the road from me up in Anaheim how are you John. I'm great. Happy New Year Mike. Happy New Year to you as well. Hope the holidays were good to you and your family. And this is a good way to kick off the New Year. Chat with you. Thank you. You're welcome. Hey you guys. Speaking of really cool stuff here.

Speaker 3: 00:33 You guys are are embarking on a digital journey so to speak and you partnered up with folks from CONI and the Boston Consulting Group to what you what you're calling accelerating your digital journey. So can you give us can you kind of fill us and give us a quick summary of what you guys are doing up there to partners.

Speaker 4: 00:51 Yeah sure. So pay all credit use are on some kind of digital journey and the partners we were having a lot of success putting out some wonderful things to members. But we knew internally Mike that we could go faster and faster that we could do it a little bit smarter. We were going up that were at the same time we could watch our competition like Chase Wells be eBay make improvements to their digital roadmap and in particular in the last year they are really accelerating you know in part when you think about what you know Chase is doing nine point five billion dollar budget. 18000 technologists are working on 600 million alone invested going into mobile. So no wonder as they got these resources organize their velocity of improvement to member journeys or customer journeys is really improving and that is concerning to us was one of the drivers that we got that came out in a survey through the co-op where they were asking folks is our digital offering moving fast enough or are we good enough and 80 percent of crating professionals said no.

Speaker 4: 01:58 It's good but not good enough. So realizing that yeah. We also do. We did that same survey here partners and we came up with 90 percent tidbits that were good but were not good enough. Okay. Yeah. The thing that we do is we actually track those three major competitors because when we look at share wallet from our members it is higher with those three organizations than anybody else. If it is not with partners BMI. So we track their progress and we have a member experience analyst watching it we clock all the things that they're doing.

And that's where we saw the velocity of them speeding up really.

Speaker 4: 02:31 And we want those things for our members to they're very relevant. And we had significant gap so we said you know how are we going to step back and go after this. And it would have to be a holistic plan people process and technology meet. We're talking about people we have partners that we do business with Price So Cody is a digital master their partner their trusted partner. So we brought them in and their leadership team and said you know how do we move this twice as fast and then 3 times as fast four times as fast. So let me put some definition around to extract the rights that we talk about. So we did kind of waterfall project management methodology that every six months we put out a release of improvements to our members within our digital offerings.

Speaker 4: 03:11 So to move the 2 x Meigs once a quarter we know that's not something we thought would be once a month where X is where we want to end up with every other week we're putting out releases new services to the members that begins to get the cadence that's going to be competitive and convinced that we need to be after our members. So that's the journey that we're on. We're going to work with agile methodology the Boston Consulting Group has helped large thinks that ad buys insurance companies put this kind of methodology in place. Okay. When you say agile there's many different flavors out there but we're making sure the one that's going to work here for a regulated business how to make it happen. So between the Boston Consulting Group Tony we're on a two month journey to really take a look at can we celebrate our road map rethinking people process and technology.

Speaker 3: 04:01 Why do you want to accelerate so fast. I mean from from my perspective looking at your membership I can see why. But from your take. Why do you guys want to accelerate so fast.

Speaker 5: 04:12 So the membership is the number one thing you are thinking about. What is relevant to them. Might we're 10 years younger than the national average. So we have. Our membership has an appetite for this kind of in the readerly that they need it you know they tell us that in our surveys that's really important to them. So listening to them knowing that just you know that kind of demographic is really you know high digital natives want to use those kinds of things so that that's that that's really important to us was one. The other thing though is just watching our team trying to put out the work and doing a super job at the level of effort that we're doing we were convinced it

wasn't sustainable if it were to go even faster. So you know that was like Can we just throw more money and more bodies out.

Speaker 5: 04:55 Like no we need to fundamentally step back and think about doing this work differently. A little bit of terminology here so you know credit unions were brick and mortar know base that's deep in our DNA. We're learning more about technology. But if I had to say at our credit union our capable these are skills from running to brick and mortar on a scale of 1 to 10 nine or 10. I mean we're masters daily. And that's who we are on the digital side. I would say we are six or seven. We're not yet mastering capabilities that we are on the brick and mortar site yet. These two things need to come together to a great number experience. So there's imbalance here that we needed to reconcile about a we need to have the capabilities of the digital Credit Union at the same level as the brick and mortar and then integrate those to integrate number journey.

Speaker 5: 05:44 So that recognition that we need to grow up our capabilities in this area and so we believe agile methodology can help us get there. Cool

Speaker 3: 05:52 cool. And so what do you mean. I know we've been talking digital for a couple of years now. I think everybody's bought into the fact that yeah we need to go digital. But what does digital mean from your perspective. I mean I know we can get into the weeds and get into the very granular details of it but looking at it from a bigger picture what does digital mean for your crane to help your members out.

Speaker 5: 06:13 Yes so so for us it's what a lot of people are talking about is focusing on the member first and their journeys are their experiences that using technology to help them with that the block access better personalization that are made by using technology. A lot of times when we talk about digital transformation we think only mobile right now it's the first that is mine that is part of the digital transformation. But that digital transformation maybe starts on mobile but it needs to into the branch. So technology is going to influence and inform our branches too. And there are some wonderful things happening with technology and branches to make that experience even better. So it's both. It's across all delivery channels. But with the idea that you could start on the phone and you get in the branch or you can started the branch and you could be on your desktop that that omni channel which is all seamless right.

Speaker 3: 07:03 Yeah that that that's that's what we're thinking about here. Okay. Very quickly. I'm really excited about this type of stuff so

what are your goals with this journey. Because I mean obviously you want to get you want to be a 9 or a 10 in the digital space. So as I said that's one of the goals but what else is on the plate for you.

Speaker 5: 07:19 Yes all three go. So we wouldn't be able to start with 2x and then end up at 4 x. And by doing that Mike we're going to figure out what are the what are the shortfalls are the opportunities for people process and technology. So at the end of two months we able to look at ourselves and saying hey we need to do this with our processes and with our people and this with our technology suite in order to get to 4 x. The second goal is we're going to do a capital study. Our credit union right now has been able to grow capital year over year we're at about eleven point six in capital and we're beginning to say that might be too much capital to be safe and so we need to return more of that in value. We think technology is one of the places we're going to do that.

Speaker 5: 07:55 We're a number of people come together and offer a plan to show our regulator to shore or to show ourselves that we can lower our capital to accelerate that journey and other important initiatives in the credit use that's the second goal. The third goal over these two months is to take a look at our culture and credit if we're going to start moving faster. Is everybody ready to go faster with harder. Finance is risk for frontline employees ready for releases coming out every two weeks or so. So we're thinking about the culture and how we move that. And so on that journey of the way to keep everyone together Mike is we're going to do video just covering that up. Yeah yeah we think that's an important way you know to modern communications the speed of communication is best.

Speaker 5: 08:41 And I think through video audio podcasts you know these kinds of things and in our world having that kind of capability is important so we've invested in people who do video we even have an animator here because in our world with our DNA that's really important what do journey. So we're going to use that. We're going to use that ability to tell stories that turn it into videos and talk about the journey the Good the Bad the Ugly and what we're learning to share that with our team. We have over 400 employees we have our board of directors we have our business partners we want to keep in the loop and then we got to thinking we're encouraged by some folks saying why don't you open it up for others to see in the industry we're an industry about collaboration. Why don't we share. And so that's what we do. We're going to go ahead and ensure that anybody who's interested.

Speaker 3: 09:26 So we're going to document the whole process what you've learned thing where you tripped up and think I mean it's such a great learning experience not for you not only for you guys but for anybody else who is going to be watching. So I'm so excited for you guys. I'm so cool. I'm so stoked that you're going to be documenting it. So it's horrible. Beris

Speaker 5: 09:42 about it. Do you have it fine. Do you think this is your theory you think you know what you're putting you know into a report out you know just hey what works and also what what doesn't work. Yeah

Speaker 3: 09:52 exactly. Hey now recently I switch gears a little bit here still on the digital journey though you guys you went to kind of hosted or headed up a meeting of Western states summit roundtable meeting recently where you presented this this project.

Speaker 5: 10:05 This this journey that you guys embark on with how many how many CEOs with 50 some CEOs or was it about the California Credit Union League brings together the western United States roundtable we do this once a year. Diana extra team posted at our last meeting all my peers were saying you know we need to talk about some of the thorniest issues that we're dealing with to help each other and learn and collaborate and you know kind of instill that forum of discussion. Yeah. Diana asked our credit union he had heard about this project you're doing would you be willing to share it with us and said Absolutely yeah we'll be happy to do that. And so we did that and I think we got a pretty good reception saying hey you know what. That is a pretty thorny issue that we need to talk about year which are doing you would be appreciated. So a pretty warm reception for the idea.

Speaker 3: 10:54 Right. Right. I think this is fair to say unprecedented but I think I think you're treading on those grounds where this is an precedent where you're documenting a process and you're going to share it with other credit and go Hey this is what we learned. This is where we tripped up. This is what we learn from it. And here's the here's where we are in the process so I think it's just I mean I'm I'm excited to see each video and see how you guys progress.

Speaker 5: 11:19 Well you know so it'll be available on the CEO corner. It will be available at Kodie or business partner is going to host it there. Also on the big cats network it will be there right on. Mike I think you've been gracious enough to say I'd love to work the old valuated see if that might be on. Yeah I guess there and I would just tell the audience be patient. You know this is not our

core competency storytelling. It's a pretty good one. And this is our first attempt to try to do it to be consumed not just by our folks but everyone. So it's not perfect. That's exactly right. We have a saying your partners it's progress not perfection. And there's video series I'm sure will be represented all of that but it's progress for it's storytelling.

- Speaker 3: 12:01 He collaborating and trying to do that in a new and maybe fresh way and I think that I'm glad you brought that up because I think that's a very important point that trips a lot of people up in the beginnings like gosh it has to be perfect. No it doesn't it. You deliver it and then you know perfected along the process.
- Speaker 5: 12:16 Yeah. You know Mike one of the things I'm learning about agile when it's really appropriate to use it is when complexity is high and ambiguity is high. I think that why index access you can almost kind of plot your different projects that you're doing and certainly the digital transformation is all about. Right so this is really applicable to projects and things that look like that compared to waterfall. Complexity is high. Like building a branch or it or building. But the ambiguity is low we know how to do this. That's. Right so waterfall makes sense. So when we have to really think things through and have a cross-functional team to do that that's where Agile Software development is kind of the place for this.
- Speaker 3: 12:57 Very nice very nice. John thank you so much for hanging out with us for a few minutes here today to talk to us about your impending digital journey and we look forward to following on the journey with you and learning a whole bunch as you guys learn a whole bunch. So very exciting stuff. And anyway any final words to wrap up here.
- Speaker 5: 13:16 Again just back to that I keep reading in my mind like it's progress not perfection. You it going you know because that's where the learning starts. That's when you can begin to evaluate. That's my next guest that I need to solve for progress not perfection.
- Speaker 3: 13:29 My thought great message to end on John thank you so much. I appreciate the time and look forward to those videos. Mike
- Speaker 5: 13:35 thank you. You're welcome.