

Howard Tiersky:

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James Robert Lay:

Greetings and hello. I am James Robert Lay, and welcome to the 178th episode of the Banking on Digital Growth podcast. Today's episode is part of the Exponential Insight series, and I'm excited to welcome Howard Tiersky to the show. Howard is a successful entrepreneur who has been named by IDG as one of the 10 digital transformation influencers to follow today and by Enterprise Management 360 as one of the top 10 digital transformation influencers that will change your world. And today, Howard joins me for a conversation around his new book, Winning Digital Customers. Welcome to the show, Howard. It is so good to share time with you today, buddy.

Howard Tiersky:

Oh, thanks. Thanks for having me.

James Robert Lay:

Before we get into talking your book, Winning Digital Customers, I always like to start off on a positive note. What's going well for you personally, professionally. It's always your pick to get started here.

Howard Tiersky:

Oh, well, my first thought is always to my kids. They're all doing great. My oldest daughter's a junior in college right now. My third is getting ready to apply for colleges. My second daughter, Jessica, she's in Israel for the year, having great time. So I'm always happy when my kids are all happy. There's no major drama going on. That usually lasts for about two weeks, and then one of them something. But anyway, that's one thing anyway, to be thankful for.

James Robert Lay:

I'm right there with you. Because as we were talking before we hit record, I have four kids, and they're a little bit of a younger age bracket, but they do keep you busy. And it's just been a lot of fun spending time with them over the past couple of years in ways that I haven't been able to watch them grow up. And actually, tomorrow, I'm excited. I get to go to my son's school. He's 12, and they have a career entrepreneurship day, and so I get to go and speak to his school and the students there, which is always exciting and energizing for me, to get to share that passion of entrepreneurship. Because it's a-

Howard Tiersky:

That's awesome.

James Robert Lay:

... it's a good. It's a lot of fun. So let's talk your book, Winning Digital Customers. And I appreciate the writing, I appreciate the thinking. You share a five-step roadmap to help brands thrive in a digital world. Why write this book in the first place? What was your inspiration here to begin with?

Howard Tiersky:

Well, I guess I'd say my inspiration is 20-plus years, 25 years almost of working with large brands on different types of transformation projects. Today, we use that buzzword, digital transformation, but I was doing that long before that particular phrase was popular. And there's all kinds of challenges. Fascinating work, fascinating work, how to figure out how do you take a great legacy brand and keep it relevant for a rapidly changing world. And of course today, there's nothing changing more rapidly than people's digital

behaviors and desire to interact with brands on a digital basis. So you do that kind of work for a long time, and you start to see pattern. You have a lot of projects that don't work out, and you learn from those things. You have other projects that are wildly successful, and you're like, wow, why did that go so much better than the other one we did?

Howard Tiersky:

And so you start to, over time, try to figure out well, okay, what's the secret to making this stuff work? And I would never in a million years say there's only one right answer, but I've definitely seen a lot of wrong answers. So my inspiration really was mostly just to share the where I've landed, at this point in my career anyway. And I know that'll continue to evolve. What is it that really works? Because I feel like there's so many great companies that have been around a long time, they have amazing people, amazing products, amazing, loyal customers, but they are threatened.

James Robert Lay:

Yes.

Howard Tiersky:

And we see many companies that have gone out of business or suffered greatly because they just couldn't move fast enough or make the right choices about how to adapt to a world that's changing very rapidly. And so, if I can do something to help those companies avoid some of that pain and deliver for their customers, for their employees in a way that gets them faster to where they need to be, to be successful, I mean, that... nothing would make me happier

James Robert Lay:

And you're right. It's like they're not moving fast enough or they choose not to make a decision, and that lack of decision making ends up in creating more pain. You opened up the story... Speaking about our kids, you opened up a story with something that touched my heart. But you were mentioning your seven year old at the time text you some breaking news that would impact millions of people's lives who spent time playing at this store as a kid growing up and that this store was going under. And that store was Toys "R" Us. And it was interesting that you said that your son didn't really seem to care much at all about this, I think like people like you and I, who might have spent time at Toys "R" Us growing up, where a kid could be a kid. But your seven-year-old son didn't really seem to be moved by that. Why was that? What was going on with that conversation there?

Howard Tiersky:

Yeah. Though, that's exactly right. And I think two things. First of all, he loves Amazon. I mean, he could... And I guess the Toys "R" Us experience never quite lived up to the commercials, right?

James Robert Lay:

Yeah.

Howard Tiersky:

You watch one of those Toys "R" Us commercials, where there's Geoffrey the Giraffe walking around the store, and it's this magical, wonderful place. And they had a place like that in Times Square. It never made money because the space was so expensive, but they had a showcase location. But that location aside, if you look at your typical Toys "R" Us in most communities, big metal shelves, linoleum floor, fluorescent lighting, boxes on shelves. In fact, I remember reading around the time that Toys "R" Us was going out of business, that they had this digital policy that no boxes could be open. Like if a kid wanted to open a box and see a toy that was absolutely forbidden.

Howard Tiersky:

And so the whole idea that it's a place where a kid could be a kid, and that was so... I mean, it really just, wasn't true, right, 99 times out of 100. And so the combination of the retail experience just not really being that inspiring and the ability to get so many benefits through a digital experience where you can see so many more toys and watch videos and other things like that, for him, it wasn't much of a loss at all. And the excitement of going to the store was replaced by the excitement of the UPS driver arriving with the box from Amazon.

Howard Tiersky:

So it just... It's just an example, and we see these examples across, not just with kids, where something that used to be delightful, something that used to be something we could be excited about, that you'd love, just kind of falls out a step with the world we live in today and something takes it over. And so companies need to consider what's the core value that they're delivering? And if it's to connect kids with the love of toys and fulfill those needs, if someone's doing it better, well, then you're at risk. And I think that's really what happened to Toys "R" Us.

James Robert Lay:

I want to... [inaudible 00:07:27] this topic of love for a minute, because you touched on this in the book. And I think of my own experience with Toys "R" Us both as a kid myself growing up in the '80s... I remember getting in one of those like Jeeps and driving around the store and having that really tactile, hands-on experience. But then-

Howard Tiersky:

That sounds fun.

James Robert Lay:

It was. It was a lot of fun. But then my kids, taking them to Toys "R" Us when they were younger, when it still existed, I remember thinking to myself, this is absolutely miserable. And I'm like... We literally left Toys "R" Us, we went home, we got on Amazon, and we went shopping together on Amazon. We watched the videos like you were talking about. And it was because the love was lost. And I'm curious, when there is not a physical experience, per se, you mentioned the UPS driver, that's that excitement, that emotion, what does it take for a brand to be loved in today's digital world?

Howard Tiersky:

Yeah. Well, it takes a few things, and I'll say what they are, but I want to say something about your story about Toys "R" Us. Because when I was a kid, I actually don't remember having such a cool experience at Toys "R" Us when I was little, driving a Jeep around. I guess it depends. I grew up in Chicago. Different Toys "R" Us were able to deliver more or less on the promise of more of an interactive shopping experience. But that's cool that you had that.

James Robert Lay:

Yeah.

Howard Tiersky:

But here's what I found though, because I did love Toys "R" Us when I was a kid. And why did I love Toys "R" Us? Because there were so many toys.

James Robert Lay:

Right?

Howard Tiersky:

That was it. I could go to one place, and there were aisles and aisles of toys. There was nowhere else that you could get that. Just being able to aggregate selection and make it accessible was in and of itself a unique and delightful experience.

James Robert Lay:

Good point.

Howard Tiersky:

And because it was location-based, competition was limited to a reasonable... My mom was not going to drive me 40 miles away. So whatever toy stores we went to, you were really only competing with, if you were the local Toys "R" Us, maybe a couple of other toy stores within a reasonable distance. And so... But it was quite novel to be able to go to a store and see so much merchandise in one place, even if I couldn't play with it. Just the fact that I could see that it existed-

James Robert Lay:

Yes.

Howard Tiersky:

... was not accessible to me in another way back in the '70s.

James Robert Lay:

Right.

Howard Tiersky:

But today, that is not novel or so special. You don't need to drive someplace and see boxes on a shelf to just know all the toys that are out there. Obviously, there are a million places on the internet. And so therefore, you have to provide something that makes the trip worth it. Because otherwise, you're not providing anything more than you can get on the internet, and you don't have to nag your mom to drive you someplace in order to get the benefit of that.

James Robert Lay:

Great point about aggregation and bringing everything kind of all together. I'm curious on this point, because aggregation is part of digital transformation. You mentioned that you've been exploring and learning in the space for 20, 25 years, looking a lot of different verticals. I want to go beyond the buzzword of, quote-unquote, transformation, because you laid out three stages when it comes to digital evolution. I think it's important to understand what these three stages are for context in this conversation. Can you lay out these three stages going forward?

Howard Tiersky:

Oh, sure. Happy to. Well, I think, if you look at digital, by which we mean the modern internet, smartphones, that kind of world, just to be generic about it, it has kind of gone through three stages. And the first stage was essentially brochureware, right? The earliest websites were basically just content, you could access information, and that was still valuable. And of course, one of the benefits of digital technology today is it makes information. I was just trying to do something with something for my fish tank, and the fact that I could access the instruction manual, which has long been lost-

James Robert Lay:  
Right.

Howard Tiersky:  
... online, was very helpful. Right? So that was the first stage of digital, which was just providing content and information as an alternative to print or what have you online. Convenient, but not truly transformational in most situations, unless maybe you were a media outlet like a news outlet.

James Robert Lay:  
Sure.

Howard Tiersky:  
The second stage was e-commerce, and all of a sudden, instead of just providing information, you could actually do business through the internet. This was another way of getting your customers to pay you money instead of a call center, instead of ordering through the mail, instead of going to a store. And of course, this was a significant step forward from just brochureware, and it required substantially more effort to create e-commerce platforms and to integrate them with the inventory systems and fulfillment systems, et cetera, that organizations had. And a large number of businesses that are even successful today are essentially still in this business. Their main use of digital is to allow customers to do business with them through various devices.

James Robert Lay:  
Transact.

Howard Tiersky:  
Absolutely. And so nothing against that, but the companies that are generating the greatest value through digital and are creating the greatest value generally, tend to be those that are at that third step. That's I call being digitally driven. These are companies that we might say are digitally transformed. Now, these are all sort of just buzzwords. Well, what does that mean? Well, for example, think about a traditional taxi service that you call on the phone and it comes to you, or a limo service, compared to an Uber or something like that, where the very fundamental nature of the way Uber works, or similar ridesharing services, would be completely impossible if it were taken outside of our digital world. If you said, well, let's do Uber in 1985-

James Robert Lay:  
Right.

Howard Tiersky:  
... how would you do it? You wouldn't know where the car was. You wouldn't know where the person was. It would be largely impossible. Similarly, Airbnb. Similarly, marketplaces like eBay or Amazon. These are businesses that aren't just creating an alternative access point for commerce, they are built around and for a digital world.

James Robert Lay:  
Yes.

Howard Tiersky:  
One of the things I mentioned in the book, I love that term e-commerce, because it's like you got that word commerce-

James Robert Lay:  
Yep.

Howard Tiersky:  
... right, which of course people have been doing for millennia, and then you just can E on to it with a little hyphen. And to me, that's what a lot of e-commerce is. It's like we're just going to add... We're going to keep doing everything else we're doing.

James Robert Lay:  
Yes.

Howard Tiersky:  
We're just going to add this additional thing. And that's a great step, but if you stop there, you are not going to be one of those companies that's seeing huge multiples of growth as a result of the digital world. And ultimately you're going to have a tough time competing with companies who really reinvent themselves for digital world.

James Robert Lay:  
I think you touched on something that I want to come back to, this idea, companies have been very successful in this e-com-like world. And I like that you tack the E in front of something... Email. And therefore, it's why email has operated like traditional mail, batch and blast, historically. And now it's really going to be interesting to see what plays out as like iOS 15 updates, Apple privacy, all of that, the inbox might look like the traditional mailbox in regards to being able to do what marketers have grown comfortable with.

James Robert Lay:  
Data privacy is a whole nother conversation. And I think that's going to drive some more digital innovation as well, because it's almost like the... When you put constraints on something, that's where some massive leaps and growth come from. But one of the points you talked about, and this gets back to the point of companies being very successful up to this point historically, is that if you're not feeling pain, you're probably not transforming. And from my experience, the desire to transform must be greater than the desire to remain the same. It's almost the fallacy of success. What do you mean by this? If you're not feeling pain, you're probably not transforming.

Howard Tiersky:  
Yeah. Well, any kind of transformation usually involves significant disruption, significant investment without immediate payoff, significant inconvenience, significant stress and anxiety, for at least some people. Of course, you want to minimize that as much as you can, but because of all that, because there are many aspects of transformation, which are just painful, many people and many organizations try to avoid or minimize it. I mean, the analogy I like to use is if you've ever had your kitchen remodeled while you were living in your house-

James Robert Lay:  
Oh yes.

Howard Tiersky:

I mean, that is not a fun experience. And even though you know you're going someplace better, while you're living through it, it's pretty miserable. And it's miserable enough that it stops some people from even wanting to do the remodel, because the end is simply not worth the pain to get there.

James Robert Lay:  
Right.

Howard Tiersky:  
Or at least it feels that way. And so the consequence of that is that when companies are faced with a world in which their customer needs and expectations are changing, where their competitors are doing more things, there's a kind of desire to figure out if you can have your cake and eat too. Instead of really transforming to become a business that can stand toe to toe with any competitor in a digital age, it's like, well, what's the shortest path from here to something that might be acceptable? Obviously, most companies today they have websites and they have apps, but they may not have become truly digitally driven, because that's going to be a big pain in the butt to get there, to make that kind of massive transformation, particularly if you're a very large organization. That makes it even harder. You have so much to change.

James Robert Lay:  
Yes.

Howard Tiersky:  
Systems to change, processes to change, roles to define. And so it's a very reasonable question when someone lays out a vision for transformation, which is going to be costly, time-consuming, and disruptive, to say, wait a minute, do we really need to do this? Can't we be successful without such dramatic transformation? That's a very reasonable question. And, well, I can't answer that question because it depends on the situation, but most businesses today need dramatic transformation in order to continue to be successful. And so, that doesn't mean that any particular proposal for transformation is always the right thing to do.

Howard Tiersky:  
Just changing doesn't necessarily gain you anything. But if you're a company that is always trying to figure out what's the least we can do to survive instead of how can we transform to really set ourselves up to win for the coming decade, these are not the companies that tend to be the most successful. And so that's the challenge, is to overcome within an organization that natural tendency, a reasonable, understandable sympathetic tendency for people to say, I'd rather avoid the pain if I can avoid it. And then you have to convince them, if you're a leader, a transformational leader, that not only is the result going to be worth it, but the pain is necessary.

James Robert Lay:  
Yeah.

Howard Tiersky:  
Pain is necessary. And of course, again, you want to try to find ways to minimize it. It's not about more pain is good. But it is disruptive, and you just have to face that and know that you're going to break some eggs to make an omelet, or whatever analogy you prefer.

James Robert Lay:  
Right.

Howard Tiersky:

And that's the name of the game. And I guess I'll just add one last thought about that, which is someone might say, well, why? Why do you have to be so disruptive? And the answer is because the world is being disrupted.

James Robert Lay:

Yes.

Howard Tiersky:

The pace of change in the world and the pace of change in your customers' behaviors is extraordinary. So when the world is changing, if you don't change at a similar pace, you're probably drifting into irrelevance.

James Robert Lay:

And we thought that change was fast before February of 2020.

Howard Tiersky:

Yeah.

James Robert Lay:

In my opinion, what we've experienced through the COVID experience has been just a preview of the massive transformations that are coming down over the next five to 10 years, things that we can't even really begin to wrap our minds around. It's almost like back in 1995, 96, when the internet was in its infancy and there were morning talk show hosts who were laughing about email, coming back to that. They... Because it's really, it's a whole new way of visioning. And when we don't have clarity, that's where I think it's so easy to fall back into our cave of complacency and try to hold tight to what we know is to be true. But then there's new truths that have to come out of this.

James Robert Lay:

And there are five activities that you propose in the book to empower, to guide brands to digitally transform. And I want to talk through a couple of them, starting with what I would say is more midway through, because I found this interesting. Building the future. I'm a big believer that for transformation to become a reality, we have to bring, at least philosophically, the future into the present moment to have some conversations around what could be. And you talk about this with Design Thinking 2.0. What are the opportunities here with Design Thinking 2.0 to bring and to build the future now, knowing the risk aversion that financial brands historically have? Because I think that's where the greatest conflict and tension lies in this narrative here.

Howard Tiersky:

Yeah. Well, first of all, I would say if you're trying to influence and persuade financial organizations that are risk-averse to invest and to take the steps necessary to transform, I think then you need to focus on the risks like we were talking about before. Because it isn't as though not transforming is free of risk. In fact, it is riskier than the transformation, which is also risky, right? Unfortunately, there is no non-risky path.

James Robert Lay:

Yes.

Howard Tiersky:

Just like leaving your money in a savings account is risky because of inflation and other things. Investing is also risky. And this is one of the ironies to me that financial services can often be conservative about investment, because if you put it in the context of financial planning, wealth management, that kind of investment, of course, everybody understands that risk/reward, right?

James Robert Lay:

Right.

Howard Tiersky:

If you want a big reward, you have to be willing to take a big risk. And yet, somehow, sometimes.. And there are certainly exceptions. I wouldn't want to paint every financial organization with the same brush. But there are organizations that totally get that when it comes to managing their investment portfolio and seem to think differently when it comes to investing in digital capabilities.

James Robert Lay:

It's a paradox. It really is a paradox of sorts, because it's almost like we understand it on one side, but then we don't understand it on the other. And it's innovation ideation that you talk about in the book, that it's like, I think ideas in financial services don't even see the light of day. What are the opportunities to at least maybe talk through some of this, to give an idea, an innovation, a chance? Because it could be that idea that breaks free through the next level of growth, but if we shut those ideas down because of risk aversion, well then the future becomes the predictable past, because we're making decisions in the present moment.

Howard Tiersky:

Absolutely. Well, there are so many things to do, and of course, that's why I wrote such a thick book on this topic.

James Robert Lay:

Yes, it is.

Howard Tiersky:

But, I think, to me, one of the most powerful things to do is to create a customer journey vision, to say how should our customer experience the different scenarios in which they interact with our... Let's take a bank, right? What should account opening be like in the future? By the way, what is it like today? What is the current account opening journey? What is the current transfer money in journey? What is the current financial review journey? What is the current... Or if you're an insurance company, what is the claims process? We all have many different, or at least a handful, of different scenarios.

Howard Tiersky:

What does the mortgage application process look like? Whatever these things are. And of course, some of them can be extremely painful. And sometimes the people who are making these decisions haven't even been presented a clear and accurate view of how much pain are we imposing on our customers right now? How hard is it? If you speak to the executives running a bank, when was the last time they opened a new account at their bank? And if they did open one, did they go through the same process that a typical customer goes through or do they get some kind of executive handholding process?

James Robert Lay:

Mm-hmm (affirmative).

Howard Tiersky:

And some banks are doing tremendous things, innovating account opening, by the way. We can go online and open an account in 10 minutes. But many are still FedExing you a packet with many of those little... Do I have one here? One of those little sign here things, and you have to sign your name 75 times, and you have no idea what is all this stuff you're signing. And just right there, there's pain, right? I mean, we do a lot of customer research to support this type of innovation. How does the customer feel when you send them all that stuff? And the answer is usually a little nervous, a little distrustful, a little annoyed. Now, of course, in banking, we have all kinds of regulatory things that we have to comply with as well. So we can't just innovate with no regard to that.

James Robert Lay:

Mm-hmm (affirmative).

Howard Tiersky:

But let's also not use that as an excuse, because all of a sudden, you see pure play competitors that somehow have avoided the 75-page thing that you have to FedEx somebody. So sometimes we can be overly conservative... And I'm not advocating violating regulations, but many regulations also have to be interpreted, and sometimes we get used to a belief that says, in order to fulfill this regulation... I've had this experience so many times. In order... There's a belief in order to fill this regulation, we have to send the customer this lengthy thing they have to sign. Just this one example. And then sometimes, it'll be like, can we see the regulation? What does this regulation actually say?

James Robert Lay:

Right.

Howard Tiersky:

Because nobody in the room has even read it in years and years and years. And then when you really look at it, and you have to have the right kind of legal and regulatory people who are ready to help with this, you're like, well, actually, it doesn't say you must FedEx them a 25-page... It's not that specific.

James Robert Lay:

Yep.

Howard Tiersky:

It's trying to protect the customer in certain ways. And, of course, hopefully, all businesses want to give them those protections. But there are other ways to provide those protections. And so, anyway, I think that's some of the kind of things that have to be thought through to overcome what are at least some of the points of resistance to creating a more innovative, easy-to-use experience for the customer.

James Robert Lay:

I've got two thoughts on that. Number one, you're right. When was the last time that a senior-level executive opened an account, applied for a loan at their own financial brand? Yet alone, when was the last time that they had that experience with a pure play, digital, FinTech, neobank, et cetera? I'm telling you, I've seen light bulb moments go off when presenting this exercise. And those that actually do the homework and then come back and report on the experience, they're like, oh, now I understand what you're talking about, because we've provided clarity into what the possibilities are and what's going on in the marketplace. I think second, practically speaking, you're talking about the 25, 75-page FedEx doc. It's a little bit tactical here, but it does come back to experience in all of these micro-experiences and

how they add up to the macro-experience of feelings and emotions and making deposits into a consumer's trust fund that sits between their ears.

James Robert Lay:

And third-party link disclaimers. I can't tell you how many times I've gotten in nice dialogue and discussion, discourse, because I think that's where... if we can have a dialogue, discussion, discourse, that's where we can come to some understanding. But third-party link disclaimers. You click on an apply button, mortgage, for example, I've seen this, and it takes you to the third-party mortgage site that they have a relationship ship with to apply for a mortgage. But before you get to that site, you get a third-party link popup that says warning.

Howard Tiersky:

Right.

James Robert Lay:

If you are leaving our website and going to a third party that has different oversight than what we have here... And I'm like you just lost 95% of people from moving on to that next step, that next stage. We just depleted the trust that we had built up, up to that point, in that experience right there.

Howard Tiersky:

Yeah. And innovation requires ingenuity and resourcefulness. So step one is to map that out and to understand, okay, we have this point... And then this is partly why we do research, because we don't just want to present that as an opinion, like what you just said, and I agree with you. But somebody might say, well, that's what James thinks, but I don't know. I think most of our customers, they're not that bothered by it, right? People who want to believe... People will often find evidence for what they want to believe. So that's why, okay, fine. We're going to do 25 customers. We're going to videotape them going through the process, and we're going to have a camera on their face. And then we're going to edit together a little video clip that might only be 90 seconds long and shows you the emotional reaction on their face.

Howard Tiersky:

And by the way, when we do that kind of research, we're not there to prove a point. We're there to genuinely assess. So I have had occasions where I thought there were aspects of an experience that were really problematic. And then we did a bunch of research, and I had to come back and say, actually, this really isn't that big a deal for customers. They're not responding as negatively as we thought. And in other times, there are things where like, why aren't more people converting here? And we discover that they have some sort of a concern that we never even thought of. And when you start to do that research, you start to realize there's something in the way here, and if we can remove it, we're going to get more business,

James Robert Lay:

This is why, what we frame as, digital secret shopping studies are so critical for ongoing digital growth, because we can bring biases to the table that we're not even necessarily aware of. And we apply those biases, but unless we come back and test against those biases, we hypothesize, and then we... Ryan Holiday says at best. We must let go of our ego because ego is the enemy. And it's okay if we're wrong. You opened up this conversation saying I've learned a... I've pattern matched. And that's really what this boils down to is pattern matching.

James Robert Lay:

And for us that have kids, we see pattern matching at really early stages of development, right? I mean, I could think of my three month, six month old, when they were that age, they were starting to do some pattern matching, very rudimentary, but it's part of the human condition. And when you think about user testing and hypothesis and saying, it's okay to be wrong... You said I've learned a lot of ways to be right. I've also learned a lot of ways to be wrong too. And accepting that, I think... What have been the greatest lessons that you can share here. Because I see failure, the way that we handle failure is an opportunity for optimization for future growth. That failure isn't necessarily bad. It's a learning experience.

Howard Tiersky:

Yeah. Well, absolutely. And of course we want to try to make those failures as low-risk and small as possible.

James Robert Lay:

Mm-hmm (affirmative).

Howard Tiersky:

And so... I mean, I wrote a blog post a while back that said don't just fail fast, fail small.

James Robert Lay:

Yeah.

Howard Tiersky:

And so, okay, what's the best and easiest way to fail small? It's just customer research, right? Create a quick mock-up of what you think you want to do, and then sit down with customers, using the right techniques. And by the way, I try to describe in my book... Of course, there's no replacement. A book is not a replacement for a trained analyst. Don't get me wrong. But I try to explain, because there are right ways and wrong ways to do research, and you can bias results if you don't follow some good practices. But to then put that in front of a small number of customers and let them not give you their opinion on it, but to use it, even if it's a paper prototype or a simple envision prototype or whatever, a PDF.

Howard Tiersky:

You can still simulate use of stuff that's very, very rudimentary and observe and see whether it's working or not. And I think that is the easiest way to fail small, because how much have you invested? Few days to mock something up? And then of course, you learn. And I remember working on a tricky project once. We helped double the conversion of the sign-up site for a big energy company that was selling competitive electricity, so a huge financial impact to this. And so how do we do it? First, we did customer research to understand what's holding people back. Some percentage of people, let's just say 10% of people or whatever, were signing up. 90% weren't. But yet, they came to the site, right.

James Robert Lay:

Right.

Howard Tiersky:

So they had some interest.

James Robert Lay:

Some intent, yeah.

Howard Tiersky:

Some... They were there for some reason, right? Why did 90% not sign up? And so we wanted to really vigorously understand what is going on. And of course the answer is, well, not everybody bails for the same reason, but how do we figure out what are the top reasons? And then of course we want to start attacking those. So we did a bunch of work, and we designed and we created some new content and all that. And that's where for ex... there were examples of what I mentioned before. Some of the reasons were sort of what we thought, and some of the reasons were like... Like I remember one of the reasons was people were worried that if they switched energy companies, that in a power outage, they might not have their service restored as quickly. Well, that's just not how that sort of thing works, so that would never, ever happen.

Howard Tiersky:

But how's the customer supposed to know that? So what did we do? We just... We started messaging that. I mean, it doesn't take much, right? And... But we never even... The people who created the initial site, it never occurred to reassure somebody about that, because it's just never going to happen and so it just wasn't on the radar. So that's the kind of thing you get through research. But anyway. And then... But the other point is there were some aspects of the experience, because there were all these plans that you need to pick between, and it was confusing, the different plans and different characteristics and there were a lot of them. And we went through like six or seven different iterations. We didn't get it right the first time. We tried to show a better way of looking at the plans, and it was worse.

Howard Tiersky:

But it took us three days to put it together and one day to test it. And then we learned from our first round of testing, and then we tried it again and again. And over the course of a few weeks, we got something that was way, way better. But it was that iterative process of getting feedback from the customers and understanding, well, why was it worse? Well, what was confusing them? What were they thinking? See, these are the kind of questions I like to ask in research. Not what do you, the research subject, think we should do, but what do you thinking when you see this? And then they click something, why did you click that? We want to try to get inside their heads, because then that helps us understand where the problems are. And then we, as designers, are probably in a better position than they are to figure out how to tweak it, or at least we have a chance, and then test again.

James Robert Lay:

Yeah, this is what I frame as going all-in, asking good questions, listening to the answers, and then learning through observation, because there's a lot that we can learn by not from what someone says, but more importantly, by what they do, the decisions that they make. Speaking about making decisions, you wrap up the book with ideas to overcome... And we touched on this a little bit before, but I want to go deeper here. To overcome some enterprise resistance to change. This is not just one department, this is not just one team, one area of the organization. This is really throughout the entire organization. Thinking about financial services, banks, credit unions, FinTechs, what are the opportunities that you see to empower, what I would frame as, positive transformation internally that then creates positive value externally?

Howard Tiersky:

Yeah. I think that there's a whole bunch of techniques, as you mentioned, in the book, but I'll just mention a few categories of them. I think the first thing you need to do is create... what we would classically call create a burning platform. You mentioned a great technique, which is the mystery shopping. Showing videos of real customers, like I mentioned, is another me... How do we help... Looking

at financial metrics can also help with that. How do we... Because the natural inclination is that the preferred approach is to not change. Just keep doing what we're doing.

James Robert Lay:

Yes.

Howard Tiersky:

So the first thing you need to do is get people to go, okay, that is really not going to be a possibility. That's not an option, unfortunately. Because of course, if you could avoid the pain of change, that would be awesome. But that's just not really in the cards for most companies in 2022. But now, just once you've convinced people that change is necessary, that's not the same thing as convincing them to get on board with a particular change. We could all agree that the building that we're in right now is burning, but you might want to run north and I might want to run west and someone else might run east. We still don't have a consistent alignment around a plan.

Howard Tiersky:

So the second thing we need to do is paint a clear vision of where would we go? What is the future for us? It's creating a more of a digitally centric experience, whatever that may be, right? And as a bank, obviously, there are many. And what is that future mortgage experience? What is that future... What kind of products and services would we be able to offer in a future world in which we were more digitally-centric? So being able to paint that picture. And then, if you can get people aligned around that... Oh man, that would be great. If we could become a bank like that, oh my God, I would be so proud to work for that bank. But then you have another barrier that people go, but we'll never be able to do it, right?

Howard Tiersky:

So first you got to convince them they got to change. Then you got to paint a picture of where they want to go. But then you got to overcome the fact that they have doubt that it's worth the effort, that it's ever going to happen, or are we just bad leg windmills? So then you need to show them a plan. And give them a reason to believe that we can do it. We can get there. Because there's no point in starting down 100-mile journey if everyone's going to die of starvation at mile five, right? Just forget it. So we need to show them that they can actually get there. And when you accomplish those things...

Howard Tiersky:

And I guess I'll add one fourth thing, which is and show them their role and their personal victory. How is it that once this transformation happens, they individually will be a hero? And of course, the story there is going to vary. If they're in IT, that's different from if they're in marketing versus if they're in the legal and regulatory team. But you want to really think about how do we make sure we're communicating with them why their personal contribution is so successful so that when we achieve this amazing victory, they personally will be one of the heroes that made it happen.

James Robert Lay:

I want to really touch on one tactic here, because to me, I think from my own experience of watching how all of this plays out over the years. And it was tactic three, share parenthood of the transformation with many people. Because you have a subhead, people resist change, but they support the change they create. And that's where the co-creation comes. It's in self-actualization. It's self-fulfillment. Because I even think about my kids, right? No one wants to be told what to do. But if I can at least coach them to see something that they can take ownership of, the success rate, even with my kids, is far higher than I'm saying, hey, go do X, Y, or Z, coming in from the outside. But it's almost the facilitation of the internal

conversation that they're having with their self, then their team, and then the organization. Talk to this idea about the parenthood here, because I thought this right... this was just, this was gold.

Howard Tiersky:

Yeah. That's a fantastic quote. It's from a real genius at collaborative work by the name of Matt Taylor who devised a lot of the workshop principles that we use in our work when we do workshops with clients, which is just one tool to get people to feel on board. But that's absolutely right What I talk about in the book... And I'll just try to be very succinct about it here. And so much of this is psychology. So much of succeeding in business is psychology, because if you can get the customer to do what you want them to do, you're going to have a great business. If you can get your employees to be excited and do what you want them to do, you're going to have a great business. How do you get them to do it? I mean, it's about psychology, human motivation.

Howard Tiersky:

And similarly, overcoming resistance within an organization is all about understanding that. And so we talked about how people tend to resist change, but there's an interesting loophole to that kind of programming that a lot of people have in their minds to resist change, which is how many people embrace having a child? Not everybody. Not Bill Maher or whatever, but the vast majority of people, they look... at the right time in their life, they embrace having a child, even though that's a massive change in their life. And... But of course, necessary for evolutionary survival. So my understanding from talking to evolutionary psychologists is that this is kind of a loophole, if you will, to the general programming that says resist change. And so there's an interesting parallel, which is that people often talk about ideas like their children. Don't call the baby ugly.

James Robert Lay:

Yeah.

Howard Tiersky:

You want your idea, your child that you've birthed to survive. It's a...

James Robert Lay:

Yeah.

Howard Tiersky:

Just like your child is sort of an imprint of you, your idea can sometimes feel emotionally similar. People want their ideas to survive, and that desire for the survival of your offspring, whether it's a physical, real offspring or it's the offspring in the form of an idea, overrides your resistance to change. And so the idea of making everybody a parent of an idea is, okay, if you want to drive moving toward, let's say something, digital signatures or something, something very tactical, if there's... There's a million reasons not to do it, right? And for the people that want to resist it, I'm sure they can give along speeches on why they're against it.

James Robert Lay:

Right.

Howard Tiersky:

Because there's nothing that doesn't have pros and cons. But if you can get everyone in a workshop environment or in some other context to go, either I generated this idea, I came up with this need, or I named the program or I came up with some of how we're going to implement it, I made a contribution, I

am one of the parents of making this initiative successful, you can short circuit their natural psychological programming that says, eh, this is a change. It's going to be risky. Things are going to go wrong. I'm going to have to work weekends. Let's try to avoid this.

James Robert Lay:

Right. A couple thoughts as you're unpacking that. Number one, I can think of becoming a parent now almost 12 years ago, my first two iterations of that were fraught with failure and I didn't own the parent role, the fatherhood role very well. I struggled. It was the second two that I was able to learn from the first two, those early experiences, and apply that. And it worked out even that much better. The second is, when I'm hearing you talk through this idea of psychology, you're right. And whenever I'm guest lecturing at a university, the students are always asking me what marketing books should I read? What s... I'm like don't read a marketing book. Go read a book on persuasion. Go read a book on human behavior, anthropology, because that's the real... that's where the real magic, if you will, happens. And I want to just transition here as we wrap up, and this has been such a fun and fascinating conversation, Howard.

Howard Tiersky:

[ Crosstalk 00:41:59].

James Robert Lay:

Thank you for your time and your insights. The greatest book, the best selling book of all time, actually... And you recently wrote a blog post about this. It caught my eyes. I want to get your take on this here. You wrote an article, what the Bible teaches about digital transformation. I've read a great book a couple times now called Business Secrets from the Bible. And so what... Yeah, what the Bible teaches about digital transformation. What's maybe one lesson that we can take away? Because I like bringing diverse ideas and trying to find parallels, and narrative structure helps with that. And once again, that idea of books to read. Joseph Campbell's works. I mean, it really helps to facilitate dialogue and change internally if we can frame it around the hero's journey. But coming back to your article, what the Bible teaches about digital transformation, what's maybe one lesson that we can leave the dear listener. Regardless of our religious affiliations here, I think there's a lot that we can just learn from just looking at the narrative archetypes.

Howard Tiersky:

I agree. So, right. Well, of course the Bible is a story of a whole bunch of leaders, right, from Adam to Noah, to Abraham, Isaac, Jacob, Moses, Joshua and so on. And they were all flawed. They all had challenges. None of them were perfect. Some of them screwed up big time. So that alone is an insight, right? The Bible is not trying to paint a picture of perfect people. Then the second... And they each led in different ways, and that's also important. They had different styles, different personalities, and they did things in different ways. If you want one example, I'll just maybe mention one... And there are many in that blog post, but let's talk about the story of the golden calf. So... And Passovers coming up, so this is timely.

James Robert Lay:

Yes, it is.

Howard Tiersky:

So what happens? For those who need a little reminder, the Jews... On our last episode, the Jews were slaves in Egypt, right? The Jews are slaves in Egypt, and God goes through 10 and plagues and turns the water to blood, makes wild animals run everywhere, does all of these truly miraculous things to get the

Egyptians to let the Jews leave, which we'll just simplify the story and say, eventually, the Jews leave. Oh, and by the way, on the way, the Egyptians change their mind. God parts the sea for them so they can go through the sea, right? On the other side of the parted sea, God is providing manna in the desert, right, just food that they can just pick up off the ground and eat. He's taking care of them, even though they're in middle of the desert. There is a fiery pillar guiding them where they want to go. I mean, you couldn't have a more... You could just imagine, how much more could you do for these people that you've taken out of Egypt, right?

James Robert Lay:

That's like Jerry Bruckheimer film.

Howard Tiersky:

Right. Right. So can you just imagine if he remade the 10 commandments? So what happens then? Moses tells the people, this is okay, you're your God's people, and here's how we're going to behave. And he lays down for them, some rules that they need to follow. And... But there's really one number one rule, right? And it's the first of the 10 commandments. They may not have had all the laws yet. The number one rule, there's one God, and you don't pray to any other gods, right? Now, in Egypt, where they were before, there were lots of gods and everyone prayed to lots of gods, and the Jew probably did too, right? They were part of Egyptian culture. They got taken out of the culture... Even though they were slaves, they were still part of that culture. They got taken out of that culture, put in the desert, and as soon as Moses leaves, goes up on the mountain, what do they do? He's gone, let's make an idol. Let's melt down all of our gold jewelry. Let's make a golden calf so we can go back to the behavior of before, right?

James Robert Lay:

About to say, but they fell back to old patterns, old behaviors, and I think there's a lot of takeaways here when it comes to digital transformation, right? It's so easy to go down a new path, and then something happens, we get a little scared, we get a little freaked out, we revert back to what we knew to be true before.

Howard Tiersky:

Yep. Yep. So I think-

James Robert Lay:

Yeah, that's a great analogy, man.

Howard Tiersky:

A great leadership challenge, and it just goes to show even God, right, can't always get people... So if you're a leader and you're finding and you're getting discouraged that everyone's not doing what you say and people are resisting, know that people are like that. And in the end, of course, they do succeed in getting to Israel and everything, so... But after 40 years. And that's another point, right? Sometimes things take longer than you think and perseverance, et cetera. So, many, many lessons.

James Robert Lay:

Yeah. When I read that article, I just said, wow, there's a lot of good insights and parallels that can be drawn to a journey. And I think that's what this is all about. It is a journey. It's not a sprint. Prepare for the long haul. Pack accordingly. And when I say pack accordingly, it's like in your mind, first and foremost, that it's going to be a little bit rocky. But if it was easy, everyone would be doing it. But I think it's also not a journey that one can take alone. It requires a team to work together towards a purpose greater than

themselves here in the present moment. One final question as we wrap up, next best steps. Always like to just send the dear listener off with something practical, something simple, small. All transformation that leads to future growth does begin with a very small, simple step. What would be a recommendation that you would make to a financial brand or a FinTech, bank, credit union leader who's listening so that they can continue to move forward on their own journey of growth with courage and confidence?

Howard Tiersky:

Sure, sure. Well, I end the book, my book, with a bunch of suggested next steps. Of course, selfishly, I'll suggest a good step would be to read my book, which-

James Robert Lay:

I agree.

Howard Tiersky:

... the reason I say that is not because I make so much money off every \$19.99 copy that get sold, but because it is really trying to give you a blueprint for how to proceed. But if you were going to say like... And there's many places to start. The good news is don't delay starting because you can't figure out where to start, right? That's not a good reason. There are a dozen right answers to where to start, and what's more important is starting than worrying about whether you've got the right one. But one is the first step of my five-part process for digital transformation, which is understand the customer.

James Robert Lay:

Yes.

Howard Tiersky:

If you don't have recent customer research, if your understanding of your customer's needs, their pain points, their desires is based on old information, opinion, apocryphal knowledge, which is true at many companies, most companies, refresh that, right? There's a lot of research techniques described in my book. There's actually a supplemental ebook that's here with my book that provides even more information on research techniques. Or go out and hire a company. My company's in that business, I think your company might be in a similar business, and there are many companies that can help you conduct good research. This research has to be the foundation of everything we do in digital transformation because the ultimate goal of transformation, of digital transformation is to drive more customer behaviors that are beneficial to your business. And if you don't understand somebody, then you're unlikely to be able to be accurate in figuring out what can I change in the experience that will drive the right behaviors? That's the foundation for everything, so that's a very good place to start.

James Robert Lay:

That's a great point to end on, Howard. If someone wants to continue to the conversation that we've started here today, what's the best way for them to reach out, say hello, and where can they grab a copy of your book?

Howard Tiersky:

Sure. I'm very active on LinkedIn, and certainly you could find many posts, including no doubt that one about the Bible. I just did one for President's Day, what digital transformation leaders can learn from Abraham Lincoln and George Washington, for example.

James Robert Lay:

I love it.

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Howard Tiersky:

And so that's one, certainly find me on LinkedIn. And if you want the book, you could find the book anywhere like Amazon or Barnes & Noble, whatever. But there's also a website for the book at [winningdigitalcustomers.com](http://winningdigitalcustomers.com). And you can download the first chapter for free, if you like, there and sign up for our mailing list and other stuff like that.

James Robert Lay:

Connect with Howard, get the book, *Winning Digital Customers*, [winningdigitalcustomers.com](http://winningdigitalcustomers.com), learn from Howard. Howard, thank you so much for joining me for another episode of *Banking on Digital Growth*. This has been a lot of fun today.

Howard Tiersky:

Yeah, likewise. Thanks for having me.

James Robert Lay:

As always, and until next time, be well, do good, and make your bed.