

Todd Feldman:

You've got to find people that have been in other industries that have already been disrupted, that they've lived through it, they've even led through it. They know what good business looks like, it's just we're going to do it in a new way.

James Robert Lay:

Greetings and hello. I am James Robert Lay, and welcome to the 189th episode of the Banking on Digital Growth podcast. Today's episode is part of the Exponential Insight Series, and I'm excited to welcome Todd Feldman to the show. Todd is the founder and president of Rocket Factory, and for more than three decades, he has remained at the center of performance-driven strategies creatively operating at the intersection of business and technology. Welcome to the show, Todd. It is so good to share time with you to today, buddy.

Todd Feldman:

It's great to be here and I look forward to diving into some conversations around disruption and market volatility and ways that banks and credit unions can figure out a way forward with the craziness.

James Robert Lay:

Absolutely. A lot of times when things are challenging, one of the best things that we can do as individuals, as teams, as organizations is be the light in someone else's darkness, be the rock that they can cling to. And a lot of times when you take a light and a rock and you put them together, what do you become? You become a lighthouse. And so, before we get into speaking about bringing the light, what is good? What is good for you right now personally or professionally? It is always your pick to get started on a positive note here.

Todd Feldman:

Well, first of all, it's all good. Life's good, the kids are good, family's doing well. As I shared with you offline, we started The Rocket Factory right at the doorstep of the pandemic, which didn't quite help make progress. One of the things we did do was in 2020, we had held an event called SparkJam 2020, which was a whole event for Virginia, small business, restaurants, travel, hospitality, music, live events. What we did was brought together... At the time, it was a very unique and novel idea. This was June of 2020 where we had this whole online kind of call it a festival because we did live music too, which is pretty cool. We had a bunch of panel discussions and we had state universities throughout Virginia who had participated in our startup ecosystem.

Todd Feldman:

What I realized though is that we did a really great job in that day of talking about the problems, but we didn't do a lot of solving of the problems. And you talked about the light, and this whole idea of creating a spark in this darkness is something that's carried forward. We'll talk a little bit more of about that as we go forward, but it's very hard when you're in it to see your way out of it. What I'm excited about and what gets me fired up is we've been able to create something that, and we'll provide that advice here, just a way of thinking that maybe will help break people free from the day-to-day chaos that everyone's living in still.

James Robert Lay:

Yeah, and I think this day-to-day chaos, it's not going to go away anytime soon. I remember back in early 2020 when the pandemic was just coming out, I always said, "Buckle up, Buttercup, it's going to be a bumpy ride." I think this decade is one that is already proving to be the case. And you see this, you go back and you study history and history repeats itself. I think the best thing that we can do is approach

the chaos. You got to calm the storm. You have to calm the storm. You have to calm the chaos so that you could begin to see clearly through all of the muck. And a lot of times, that conversation transpires maybe on an annual basis if we're lucky. We do strategic planning. I know in a recent article you published, it caught my attention because you noted, number one, strategic plans fail 70% of the time. That wasn't what caught my attention, but it's for context. Number two, it takes two years to find out that those plans are offtrack.

James Robert Lay:

So to begin, why do you believe this is the case, because I see this in financial services? What's the problem here when it comes to strategic planning?

Todd Feldman:

So it's not even something I believe. I mean, if the numbers weren't there, I wouldn't say it. The problem is there are a lot of things upfront that can be identified for the reasons why plans fail and for the reasons why it takes two years to figure out. A lot of it has to do around people and executive teams understanding that, "Gee, in order for us to go in a certain direction, we can no longer operate or have our teams even constructed in a way that we have in the past, that has worked in the past." There's a lot of other things. We talk about the reasons why plans fail, executive teams keeping it to themselves and it's only for the people that need to know. We don't involve frontline people in the process and create buy-in and lasting stickiness, if you will, of a plan. So there's a lot of it that can be handled upfront that is acknowledged as like, "Yeah, this is going to be something we need to do." But when it gets down to it, we choose not to because it's too hard.

James Robert Lay:

I want to address that. A lot of times, strategic planning is done at the hierarchal level, executive teams, boards of directors. They go, and they lock themselves in a room for a day or two or three days and then they come out a like, "Tada! Here's the plan." But you're tapping into something that I'm really starting to see value creation come from, and it's involving, we'll call, middle management, it's even involving the frontline. Maybe it's just simply having the conversation, doing diagnostic discovery, and then bubbling up that thinking to the top for further consideration because that makes people feel included. This has been written about in a book titled "Open Strategy", it's been written about in a book titled "Humanocracy", both I highly recommend.

James Robert Lay:

And it really is reshaping the way that we operate within an organization. It's collaboration at its finest. But what do we have to do to break free, and we use this in our pre-conversation, to break free for maybe the old mental model, the old world of executives, boards guiding this to now include others within the organization, at least at a minimum simply have a conversation around roadblocks they see, opportunities that are available to overcome those roadblocks? Where's the path forward here?

Todd Feldman:

Well, the first step is you said the word or you said the phrase "mental model". Probably the absolute most important thing to understand and to work on is within an executive team, mental models. Mental models are how you perceive the world. You and I, we could be walking down the street and look at a dog, right? And you love dogs and have always had dogs growing up and I have been bitten by a dog. If you walk down, you're going to go and you're going to pet that dog and play with them and maybe even roll around on the ground with them. Me, I'm going to avoid the dog. Now, it's still a dog, but we have a different perception of what that dog is.

Todd Feldman:

You have this thing even amongst executive team members where everyone has different mental models. It's just how life is. We all bring our filters to work. We bring our filters to our social settings. The first step is to gain alignment on mental models, alignment on what it means to be strategic or what it means to change. And if you don't talk about what we mean by change, then you're never going to get a shared understanding of change. Again, we've alluded to diagnostic. Our diagnostic that we have upfront helps to create alignment of those mental models and it's all rooted in this idea of we know why plans fail, so let's diagnose based on why we know plans fail to see where everyone's mental model is in a room and then we can proceed. But we have to have alignment first, even amongst executive team members or even between the board and the executive team and CEOs. So that's step one, yeah, is aligning on mental models.

James Robert Lay:

Yeah. I think the other thing, too, that ties closely to mental models is habits, the habits that we bring into strategic planning or the habits that we bring into "collaboration". What role do habits... Because habits are just repeated patterns or actions that have come from past experience, right, wrong, good, bad, I think we can just look at this very objectively, and I think that's the goal here, is to start taking things from more of an objective standpoint and removing some of the emotion out, which is easier said than done, but it's through, I would say, facilitation that is possible. So in conjunction with mental models, what about habits? What role do habits play in this strategic thinking, innovation, collaboration process and where might people be unaware of the habits that they're even bringing in to the exercises?

Todd Feldman:

Well, so mental models are behavior. And so, it is based on habits and systems thinking. There's a group out of Cornell University named Cabrera Research Lab. I just recently wrapped up some work with them and got some training through them and been studying systems thinking quite deeply. There's a whole idea around understanding each other's perspective. And it's not just the perspective of me, but you could take the perspective of... Let's say I have a new product, a new financial services product, a new deposit product or whatever, a new loan product, and I want to understand the loan product from the perspective of not just from the business side of things or maybe even from the board's perspective, but what about that product's perspective itself? Let's get really think deep, right?

Todd Feldman:

It's like that loan product's perspective on serving that member and their needs... Systems thinking requires us to take all perspectives to try to get to common mental models, common understanding, common path forward to create a system. I mean, if you look at an organization, one of the biggest things you could look at is how is an organization structured and are they in silos? Right?

Todd Feldman:

Since we're talking about financial services, is marketing different than lending? Are they separate? Is the call center different from lending? A system is what a system does. So if the system is we're going to operate as a silo, guess what? Or in silos, it's going to operate in silos and that's the system. You can't have it like that any longer, it doesn't work. You can go into also from a management structure perspective like command and control. Command and control does not work anymore. And I know we all want to hang onto these models of days of yore, but command and control doesn't work anymore. Organizations are complex adaptive systems. So, I'll give you an example.

James Robert Lay:

That are made up of people. That are made up of people where the...

Todd Feldman:
That are complex.

James Robert Lay:
Which is where it's a complexity. People are a complexity multiplier.

Todd Feldman:
Right. So if you give people simple rules to follow, they will follow them. And then they can act as a system. So just very briefly, an example is like the wave. You go to a stadium and we're all sitting there and we're watching the wave go around and I don't really know what to do, but I know that I have to stand up when the person next to me stands up and I have to sit down when the person on the other side sits down and I got to raise my hands. Well, that's pretty damn cool. Okay. So that's all I have to do is... And then if we take a step back, you watch the entire stadium creating the wave. But the only rule as individual people in the stadium is I have to sit up. I stand up and sit down. Organizations are the exact same thing.

Todd Feldman:
If you can give organizations, if you can give people a set of simple rules to operate in and create a framework they can operate in to meet the vision of the organization, that's all you need to do and manage that way. It's like obviously probably with financial services in particular are very conservative typically, but you're seeing it happen all over the place with people resigning their jobs and other things that command and control just people are not into it anymore. And then you're having great resignation type things happening.

James Robert Lay:
I've seen organizations transform beyond this approach to command and control to really go from a disconnected to interconnected way of operation, to go from silos to emergence. I want to roll this idea of systems thinking back, because it's been an area that you've been studying. For the dear listener, maybe they've heard of systems thinking, what does that really mean to them? Because once again I think we need to help give them a framework of what systems thinking is number one, and then number two, why is systems thinking important when it comes to strategy innovation, collaboration? So, number one, what is systems thinking? Let's start there.

Todd Feldman:
As a society, we've gotten a certain training through our own education system. This is going to get deep. I'll try to keep it brief, but we're teaching kids right now, study for the test, get them ready for the test. They're memorizing and then they can regurgitate it on the test. And I was raised the same way. I came up through school, I'm assuming you did as well. We don't really teach people these days how to really, when I say, think, break it down. What are the distinctions? What are the pieces and parts? And then how are each of those pieces and parts operating together? What is the perspectives of each of those pieces and what are the rules that we can do to put them back together and have them operate like a system?

Todd Feldman:
If you just think of a car, if I blow a piston in my car, engines done. It's the piston. So we're doing it to our people, right? Where our people are, we're not taking care of the people at times, or we're trying to operate in a command and control environment, or we're not putting certain groups together that can

benefit the overall organization. And so you've broken a piece of the system and therefore the system, whether you know it or not has broken down. Sometimes it's too late where you find that you see it late in like business results or something like that.

James Robert Lay:

I think you're a hundred percent correct on this because I make the case that in the world that we're moving to a digital first world where AI will continue to take on the mundane, the repeatable processes, the task, it's not going to replace people, just going to let people do even better work, but what gets commoditized there is "the doing" and therefore what becomes the more high valued work is the thinking although the challenge lies in the fact that many have lost their ability to critically think because of the conditioning and the education that they've received up to this point, therefore, the opportunity going forward is to really empower people to get that creative, critical thinking skills back. You can relearn this stuff. It's a muscle. And the more that you work this muscle, the stronger that you'll become as an individual, as teams that are made up of individuals, and then ultimately, as an organization because organizations are made up of teams. So what's your take on this of using this idea of thinking, critical thinking, create, thinking, strategic, thinking as a muscle to strengthen over time?

Todd Feldman:

So I think it's got to be facilitated to get... I mentioned SparkJam 2020, which was the event we held in June 2020, thus the name. And we've turned that into SparkJam Sessions and SparkJam Sessions are that. They are problem solving, systems thinking, strategic planning sessions that bring together all levels of an organization. So imagine an executive team kind of setting out to set the big objectives for an organization, but the executive team doesn't need to flesh out all the ideas in those business objectives. We now bring in the subject matter experts that live within that organization at scale, and we facilitate those sessions at scale and then we come back with a roadmap based on what the executive team set out, what leadership set out as the structure they want us to follow, and then subject matter experts bring to the table, "Well, here's how we could execute those big objectives."

Todd Feldman:

And we come up with business ideas that go within each of those. And then there's a roadmap that gets output and the executive team gets to weigh in on that roadmap at the end. And so it's this whole idea of, can we change that paradigm of how we think? Again, we're using words like systems thinking and mental models and all these things can be very intimidating terms. The bottom line is we just got to literally put things together and create a new way of helping people to think differently.

James Robert Lay:

I'm going to expand upon that idea, not just put things together. I would say first you bring people together from different points of view. And it really creates... And it can sound like a bit of an eccentric idea. And I know that's a scary subject to start tiptoeing into, but I always like teetering on the edge of scary, because I think it's in those moments of fear that some of the greatest growth sprouts from, but Napoleon Hill many know him for his work "Think and Grow Rich". There's another great book of his out. "Outwitting the Devil", but he has written prolifically around this idea of what he calls the "mastermind".

James Robert Lay:

And the mastermind is when you bring two or more people together to solve a common problem. It's like you get an exponential effect. It's almost like a battery. You're adding to these different cells and the battery grows stronger and it's through this... What holds organizations back from even broaching this subject of what we'll say, "masterminds" or "collaborative thinking", bringing people together? We touched on the silos before, but maybe it's a little bit deeper than that. Where's the fear here?

Todd Feldman:

There's a couple things. So one is, and I've observed this in many different industries that I've participated in my career. I think I shared with you. My last full-time gig was a chief marketing officer at a major Virginia credit union, or a large credit union here in Virginia, a lot of times when you have industries that have long tenured people and they are comfortable doing business in a certain way. That often requires them, especially in this new, I'll call it the new economy or the whatever you want to call post... We're not even really post COVID yet, but this new way forward, or maybe the things that have been happening for years, and now we've been accelerated due to a pandemic you've got to have an appetite to be able to change the way you're thinking, but you've got to do it in a way, a course, that's rooted in good business practice.

Todd Feldman:

And so I think to get down to what you're asking is, a lot of it's fear and being uncomfortable and the fear of being uncomfortable. And then we can get super deep and think about, "Well, if I'm a leader and I'm a CEO and I'm uncomfortable and then I'm fearful, even though I'm not expressing that outwardly to my team, although heaven forbid, I actually show some vulnerability with people," which by the way, you CEOs out there, be vulnerable it's okay. People will respect you more.

Todd Feldman:

That's where a lot of it occurs. I think the other thing is a lot of organizations... And one of the questions we ask in our diagnostic, which we call smoke tests is, do you hire from without? Do you hire outside of your industry? So industries that keep hiring people, "You must have financial services background. You must be from another bank or credit union or whatever." It doesn't work. You've got to find people that have been in other industries that have already been disrupted that they've lived through it, they've even led through it and they know what good business looks like. It's just we're going to do it in a new way. Those are opportunities for folks that are listening.

James Robert Lay:

I want to stress this idea of vulnerability because I do believe that is part of the transformation and exponential growth process. I want to define what exponential growth is first. Exponential growth, and I'm writing about this in book number two, "Banking on Change", exponential growth is where one is growing both personally and professionally at the same time. I think historically, we've thought of, "I have this work life over here and I have this personal life over here and that's called work-life balance," but COVID has shown us that I think the day of work-life balance is over. It's work-life integration. And if we're struggling personally, we're going to be struggling professionally. If we're struggling professionally, we're going to be struggling personally. And so there's that vulnerability piece. And I've seen this. I've seen organizations, CEOs, boards start to get a little bit more vulnerable, but I'll be the first one to admit here, as a leader, the more I know, the more I know I don't know.

James Robert Lay:

And that's okay. I'm cool with that because it's like peeling the layers of the onion back. I even think about this idea of failure. If we could just reshape failure, and I'm a big believer, we're either winning or we're learning. If you take loss and failure out of the equation and you get comfortable being uncomfortable, I just had a credit union who's in our program, they shared the other day. And we were reflecting back over the previous 12 months of progress and one of the things that they shared, "We're finally getting kind of comfortable being uncomfortable as an organization." I was like, "The fact that you have self-actualized that is really putting you in a great place," because the alternative, and this is back to an article that you recently wrote.

James Robert Lay:

It was a quote from Jim Keys in 2008, who was a blockbuster CEO. He said, "Neither Redbox nor Netflix, or even on the radar screen in terms of competition." And that was from 2008. Fast forward, 14 years later, we know how the story played out, but it's a matter of awareness. And it's helping people see things differently than what they saw before, because here's the thing, When you see things differently, what happens? You begin to think differently. You can't ever go back to seeing things the way they were before. It's about really bringing, I say, the future into the present moment. And I want to do that with you here. Let's bring the future into the present moment and as you look ahead towards the future, when it comes to strategy, when it comes to innovation, collaboration within financial brands, within banking, within credit unions, what are you feeling most hopeful and excited about?

Todd Feldman:

I think a lot of banks and credit unions... Certainly there's a lot of talk in the industry about digital transformation which seems to have been being talked about for quite some time. I think a lot of industries get very excited about buzzwords and innovation and I'm not really a big fan of buzzwords. Digital transformation, I think, is a term that oftentimes gets confused on what it really is. My biggest thing, the thing that I preach is sustainability. So I don't want transformation to be a project, a program, a set of initiatives. I don't want innovation to be a separate department that lives off on the side. The problem with that is that you have cultures inside innovation and then you try to bring it back into the main organization.

Todd Feldman:

It becomes a whole other thing to have to integrate it back into the organization. If you're creating sustainability, if your focus is set out to the future, you're saying, "Okay, well in five or 10 years, this is what sustainability looks like for our business." Then if you state the vision in a very clear, concise way, and you create a mission that meets the vision. And I don't mean a mission statement, that's 20 sentences long and a lot of you out there have those types of mission statements. It needs to be something that's very clear that your employees can embrace, love, and repeat and measure every day because that's going to meet the vision. If we create all those things and we do those things, we will naturally innovate and we will naturally transform and we will follow what consumers want. We will follow what our employees want and those two pieces, consumers and employees, will remain connected to that vision and to that mission. And you'll move forward as a business and be there for the long run.

James Robert Lay:

That's very well put. Let's get real practical, Todd, as we begin to wrap up here to turn some of this insight, to turn some of the thinking that you have shared today into action to give the dear listener a path forward, something small, something simple so that they can move forward along their own journey of growth with courage, with confidence. What is one small thing that they can apply? What can they do next on their journey when it comes to applying the thinking you've shared here?

Todd Feldman:

I think go around and take a look at your organization and look for areas where things may be, because it's always been that way, separate or different. Just take sales and marketing. In your organization, in financial services, sales are generally going to be loans and marketing's going to be marketing and it depends, we can get into defining what marketing is too, and that'll be a separate discussion, but the whole idea of marketing, driving loan applications, and so that lending can get better leads, call it, better loan applications that can convert and book.

Todd Feldman:

If there are areas where for perhaps you're not working together tightly to actually measure that together, or maybe you're even compensated the exact same way, good leads, good loan applications equals accept your approval rates that are high and hopefully dispersal rates if you have capacity to make sure you're dispersing the loans, putting all of that together, I call it an easy one, you've got to get people there, but you can look at the business, you can go find metrics all over the internet about the opportunities to put sales and marketing together within banks and financial institutions.

Todd Feldman:

It's aligning your marketing efforts with those business generators and drivers, but not just saying it and not just have marketing in one side and lending in another area. It's how are you sharing the metrics and how are you building that growth? Talked about scalable growth that you were talking about. That's how you get the scalable growth. And so step one would be look at how things are structured today, pick one, and then have a meeting with your folks and say, "Okay, if we didn't have any constraints, if there was no issues with regulatory, and obviously regulatory stuff we've always got to work around, but just park regulations for just a second park, the way we've always thought about things for just a few hours in a session. If we could put it all together, if we could do something without constraint, what would that look like?"

Todd Feldman:

And then let's create what that could look like. And then let's now introduce the constraints back in, and by freeing yourself of the constraints, you can then, as you add them back in, start to say, "Okay, well, that's part of the work we need to do. We need to figure out, okay, we've got regulatory concerns or we've got organizational structure concerns, or we've got managerial because this is this person's area and this is another person's area. Well, how we work on that?" So ultimately if you're trying to build sustainability, then it requires you to think without constraint and that'll be where you land on, okay, we're adding constraint back in now, how can we innovate and how can we transform to meet an objective or that we held in a constraint free type of meeting.

James Robert Lay:

That's great. That's a great point right there. We've had a good conversation, Todd. I appreciate the thinking and the knowledge that you've shared. What is the best way for someone to reach out and continue the dialogue and discussion that we've started here today?

Todd Feldman:

gorocketfactory.com is the digital home of Rocket Factory. And so that's the best place to go. There's a lot of great content there, as well. So if you're looking for some stuff to read or want to hear a little bit more about how we think, and then of course you can always email me through [gorocketfactory.com](mailto:info@gorocketfactory.com), as well.

James Robert Lay:

Gorocketfactory.com. Connect with Todd. Learn from Todd. This has been a great conversation. Thanks for joining me for another episode of "Banking on Digital of Growth". This has been a lot of fun, buddy.

Todd Feldman:

Love it. Thanks a lot

James Robert Lay:

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