

Derik Sutton:

There are times when you help people overcome and there's times when you've let people down and you got to tell both of those stories, because if not, then you lose the empathy in connection both to your people and to your end customers. If you can keep that at the focus and the center, then everything moves forward from there.

James Robert Lay:

Greetings and hello, I am James Robert Lay and welcome to episode 256 of the Banking on Digital Growth Podcast. Today's episode is part of the Exponential Insight series and I'm excited to welcome Derik Sutton back to the show. Derik is the Chief marketing Officer at Autobooks who is working to upgrade small business banking for financial brands and today I look forward to talking with Derik about how financial brands can guide people, how you can guide people both internally and externally through the complexities of change because, well, people are complex and complicated creatures. Welcome to the show, Derik. It is good to share time with you again today, buddy.

Derik Sutton:

It is great to be back, man. Looking forward to it.

James Robert Lay:

Before we get into, shall I say, some controversial topics around tracking, measuring, monitoring, and then taking action from what inspires consumers to change their behaviors, what's good in your world right now? Personally or professionally, it is your pick to get started on a positive note.

Derik Sutton:

This will date the podcast a little bit, but the USA just beat Iran to go advance to the next round of the World Cup. I'm a huge soccer fan, grew up playing, was just on the couch with the family, shouting and screaming and yelling. That's good in my world today. When it comes to work, we just continue to make progress with digital partners that unlock more banking opportunities. We are actually live with over a thousand financial institutions now, which is great, so yeah, sky's the limit.

James Robert Lay:

You're talking about the World Cup and I was right there with you because you messaged me and you're like, "Can we just push this back just a little bit?" I was like, "Absolutely," and then I hopped on and you weren't there, so I was like, "He's probably still watching the game and then I pulled up YouTube TV and I don't know much about soccer. I'm a big March Madness person, so when it comes to college basketball, that's what I'm yelling at the TV, but for this game I was even yelling at the TV for this one. It was exciting even though I had no idea what was happening. I knew just a very little bit, but it was exciting for sure.

Well, that is good both personally and then also professionally, and a while back, you shared a Forbes article that Ron Chevlin had written titled What Would It Take to Get You to Change Banks? You're probably lying and you noted that his article really illustrated the importance to study consumer and consumer behavior, why they have actually made the switch from an old way of doing something to a new way of doing something. Some new action, new behavior, new habits. Why is this? Why is it important to be aware of these deeper consumer behaviors here?

Derik Sutton:

I mean, at the very core simple answer is humans are complex and we don't make decisions as rationally as we like to think we do. We make decisions very irrationally and so structuring surveys or falling too in love with analyst reports and things like that without actually going in and doing the work to have conversations with consumers, understand how your customers are working day-to-day with your financial services within their communities, because there's all sorts of nuance between banking environments that matter and if you're making decisions based upon just very well-structured surveys that are not necessarily dialed into your customer base and so their needs things, can get a little off, things can get a little wonky. There's a really good book, I guess maybe the way I'd frame it up, so if you want to read something about this, there's a book that was recommended to me called The End of Average.

Basically what the book is about is if you try to design for the average, you design for nobody. The use case I get from the book is they talked about the Air force was working with fighter pilots and they were trying to design the ideal cockpit and so they were taking measurements of all the fighter pilots and they were taking measurements of their arm span, their height, the instrumentation, everything, and they basically computed all of these factors and they built what they thought was the ideal cockpit and it ended up not working for anybody. They designed around the average and it worked for nobody, it was worse for everyone. That's the way I feel about a lot of banking surveys. If you design around the average banking world, are you really designing for anyone or no one?

James Robert Lay:

As you're talking through this, I want to dive deeper into the challenge with surveys as a poor way to measure, we'll call it, sentiment, feelings, emotions. One of the things that you noted in this LinkedIn article was something from Bob Moesta, Bitching Ain't Switching. I think of one particular organization in my mind right now to where if they get a bad survey and it goes all the way up to the CEO, it's like panic mode. That's just one person, but how much action is being taken off of that complaint, if any action? Or are they just sitting there just complaining about whatever it might be and how much time is then wasted, and then how much time is then spent to try to resolve that one thing for this one problem? I think the end of average, which the subtitle is How We Succeed in a World That Value Sameness, what's the problem with surveys? What are we missing out on when it comes to the ... we'll call it the quantitative and maybe even the qualitative side of things, but where's the danger here for the dear listener?

Derik Sutton:

There's no skin in the game. It's easy to answer a survey and kind of check the box into what's ideal for you. You and I were talking about housing, right? If you think about if somebody surveyed you about what you want in your house, what answers are you going to provide? You're going to probably check the boxes of a lot of things that when it comes down to making the decision and having to put money on the line and the down payment and commit to the monthly payment, you actually at that point in time of making the switch, of actually switching homes, you make different trade-offs. Surveys don't have skin on the game, they don't have trade-offs in the actual moment of decision. That's why when Bob said, Bob's a mentor of ours, he's a consultant in the jobs to be done framework and theory for the audience, and that's why in jobs, and we're big in jobs to be done, that's why you study the switch.

You don't study the survey, you study the switch because the switch is people actually went through the pain of moving from one bank to another. Our thesis or argument is go talk to 10 people that changed

banks and studied their switch. So you say, "All right, you switched at this point in time," and you keep backing them up in their timeline of, "What led you to make that switch?" If you just studied 10 people and their switching behavior, you'll get far more out of that than getting a thousand people to respond to a survey because there were actual trade-offs that were made. So what happens is in the moment of a switch, you have four forces at play.

You have the push, what's pushing somebody towards making a new decision, you have the pull, what does the new solution offer to that person that's enticing? But then holding down from that, you have anxieties that the person has about making the switch and then you have their existing habits. If the push and the pull aren't strong enough to overcome the anxieties and the habits, a switch won't be made. If you're a bank and you're thinking about how do I get people to switch banking environments, that's a big decision. A lot of anxieties, a lot of habits at play. If you don't interview those people and really unpack what those are, then that gets into that era of sameness. How much different does your checking account really look?

James Robert Lay:

Right. I want to dive deeper into this because let's come back to those four forces, the push and the pull, the anxiety, and then the habits, and the habits are the repeatable actions. This is something that I'm really diving deep in with my second book *Banking on Change*, that if I look at habits, actions, what drives that? Feelings and emotions. What drives that? Thoughts. What drives that? Beliefs. You keep rolling this back further and further and further, looking at where we're at right now in the present moment, what is it that you find holds financial brands back from measuring or just even asking these 10 people, because it's a small data set, it doesn't have to be a large data set because you're going to gain a lot more insight into just having the conversation and using the five or the seven whys. Why, why, why, why? Going deeper into that. What is it that holds financial brands back from measuring, yet alone understanding the impact that studying consumer behavior can have on their future growth?

Derik Sutton:

I think it's this really environmental change that's taken place, this shift that's happened over time so I can't like point to one thing, but it's this evolution of moving into the digital channel. Digital channel is great for the efficiency, the 24x7 nature, self-service capabilities and all that, but we use it as a crutch. What I mean by that is we've basically taken the consumer out of a day-to-day personal interaction with ourselves where we're actually able to see the empathy on their face, their concern, their habits, their anxieties, talk about those things, hear about those things, and let those conversations wash over us as bankers and then use those daily interactions and the roll up of those interactions to make decisions. As less and less people come to our banking centers and they're now in the digital channel, we've lost that physical connection to understand and have that empathy gain.

Now we replace that with surveys, chats, very unemotional, unattached interactions that start to feel very binary and so you start to make these decisions on these very binary moments and the survey that gets rolled up to the executive team without context and those type of things, while sometimes offer value, aren't always the most important thing to take action on, because as we all know, it's really easy in a chat or in a social media thread to say something very harsh that you would never say in person or take an action in social that you would never actually take an action on in your day-to-day life. That's where the phrase bitching ain't switching comes from because you can bitch about a lot of things. That doesn't mean that you're actually going to switch your behavior to something different.

James Robert Lay:

It's a great point you make on the study of human behavior, which is why as a digital anthropologist, I think I've been doing this for two decades, but the more that I do this, the deeper I go looking at the intersection of marketing and sales technology and human behavior, I'm growing more fascinated with the human behavior component because I think it's, to start your conversation, it's probably the greatest area of complexity and I just have a naturally curious perspective that I like to ask a lot of questions and learn. I mean, even today I'm learning so much through this conversation here. When you look out at opportunities, what are the opportunities for financial brands to establish a practice of digital anthropology, human studies, however you want to frame this.

I'm seeing some financial brands, particularly much larger assets, starting to hire chief behavioral officers and really build practices internally, which I'm like, "That's awesome, I got a lot of hope there." But for those who aren't there yet opportunities, and I think the key is maybe to just stop and to pause, to review, to reflect, to learn through what they've been doing, to then take those insights critically, think about them and then apply them to their next iteration of doing is a very different way of, we'll call it, thinking and doing. Where are the opportunities here that more practically speaking, that they can apply going forward?

Derik Sutton:

I think there's some really easy ones, quite frankly. Let's say you're the head of digital and you want to measure the effectiveness of new digital signups. What's it like for people coming in and doing the first interactions that you want them to do? Okay, get a monthly report of everybody that signed up for digital that month, go talk to two or three of them, right? Call them on the phone, give them a gift card, ask them if they'll come by the branch. More than likely they'll just jump on the phone, send them a \$50 Amazon gift card. That 30 minute to an hour long conversation, you never know how long it's going to go, will tell you more than any survey or any NPS survey that you put up inside the application or email survey that you send out because you'll get somebody's real raw feedback, call them, talk to them, ask them why.

There's a Japanese proverb, James Robert, to really get the real answer you got to ask them why five times. Why did you change to our financial institution? The first answer they give you is going to kind of be a repeat back of your marketing material because they've kind of digested it, they've kind of heard the feature benefits and that's what they'll mimic back. But what were you doing before that? Well, why was that broken? What first led you to think that that was broken? You just keep backing them up and what you're going to find is the real root cause until what went wrong in that previous relationship. You'll hear things like, "You know what? I was a growing business and things were going along fine and I thought I had a personal relationship with this financial institution and the first time that something went wrong with my account and I had an NSF or I couldn't get a loan, that just rubbed me the wrong way."

Then you'll hear these things of like, "Well, okay, well is that when you changed?" and they're like, "No," and then later on, maybe years go by, but that's just staying with them. It's this heavy blanket they've just been carrying around or weight they've been carrying around and then that just stays with them. Then the next minute, something small or innocuous happens and they're like, "That's why I changed." No, that was the real thing that led them to thinking about making the change, but it wasn't quite there and then maybe a couple of little small events happen and then those are the things that get rolled up to the CEO in the survey and everybody thinks that the customer left because of that reason, but when you

back it up, it was really this other raw thing that happened that made them look bad in front of their customer or embarrassed to their family, or they didn't meet payroll to their employees at the time because the line of credit didn't hit at the right time and so they looked inferior as a boss.

All these emotional things that are just very raw happened to people, but unless you talk to them, you don't get that answer. Whatever your key thing that you're trying to measure as a banker, it's just whenever that happens, like I said, monthly, quarterly, reach out and talk to the people that made the switch. Ask them why five times.

James Robert Lay:

This is the entire reason we continue to conduct digital secret shopping studies for financial brands because we're getting the qualitative ... and they're 15, they probably averaged 30 minutes of film, and then you distill that down into, "Okay, well what were the three big patterns that you got out of this?" You drive deeper and then you start connecting these patterns across multiple people and you identify opportunities for optimization. Maybe it's positioning, maybe it's calls to action, whatever it might be, but you're tapping into something here. When it comes to change management, and I'm wrote about this in Banking On Change, there are really four elements that inspire one to change their behavior. Number one, they have to see different. Number two, that when they see different, they're going to think different. When I ask bankers the question, "What happens next?" I see different, therefore I think different, I think different, therefore what happens.

I've asked this over a thousand times now, 99% will go out and say, "I'm going to do different, I'm going to act different, I'm going to be different," and we've missed a huge step in behavior modification. You're tapping into this with your thought, which is why I want to pause on this. I see different, therefore I think different. I think different, therefore I feel different. When my feelings, my desire, my emotional energy reaches a point to where I want to take action, the desire, the feeling to change, to be different than I am today, to take action, that is when the new action, which then is repeated, becomes the new habit, but it's the feelings and the emotions. I feel that there's an emotional gap within financial brands because financial brands are driven by very smart left brain analytical leaders. But when we make decisions, back to your point to start the conversation, we're not doing it off of logic, we're doing it off of more feeling and emotion. What can financial brands do to bridge the emotional gap that I would say is maybe more inherent to this vertical than others?

Derik Sutton:

I think you find the opportunities to actually connect with the customer about your products. I'll give you a really good example that I learned from a banker. Back in the mid 2010s, like 2012, '13, '14, '15, somewhere in there, I was working for a company and we were launching our digital banking suite for the first time online and mobile banking, taking it to market and I was heavily invested in the project. We took it out to a small community bank in West Texas and they implemented the program and their usage rates were way higher than every other financial institution. It was counterintuitive because it was in kind of, like I said, rural West Texas, wasn't in a metropolitan area and so convention would say younger people are going to use digital banking, it's more for that demographic and so forth and so on.

But they had an older demographic base, but their usage rates were way higher. Then I go ask, I talked to the banker, I said, "What happened? What did you guys do in your rollout?" He said, "Well, what I did was," he goes, "It's very simple. I just made all of my senior officers and loan officers sign up for demonstrations and answer people's questions in the lobby. For a whole month everybody had to

basically stand at our stand, one of our senior officers or loan officers, and when people walked in the lobby, they had to greet them and say, "Hey, have you seen our new mobile banking app and online banking app? I'd love to log in and show you how to use it." Okay, that one simple interaction, one thing it did is it forced his senior team to learn the product.

They're out in the communities, they're talking about it, so they're evangelizing it. But then it also created this welcoming environment to a category of people that wanted to embrace technology, but they needed somebody to help them with that first kind of foray into it. Think about that same demographic when it comes to Facebook. They weren't the early adopters, but now they're the high usage people, because they needed their kids or their grandkids to introduce them to the technology, take them through it, but then once on it, they're flourishing. Same thing happened in digital banking with this particular financial institution. I think it's finding those opportunities, connect with your customer, understand how they onboard into the products and services that you offer. It may be that you can do self-service and you may do it really, really well. When talking with people, you get design experience around that. It may be that some people need a little bit of a personal touch and understanding that's important.

Then I'll give you another thing that always comes to mind when I'm thinking about this too, is talking to your customers, connecting to your customers, understanding their anxieties and habits also helps you understand what you can say definitively no to as well and not chase shiny objects. As an example, a couple years ago I was working as an independent consultant, a bill pay company hired my company to come in and do some UX work for them and all that. At the time, you remember voice banking was all the rage like six years ago, everybody was going to be on voice, everybody. Everybody's going to be voice banking, voice banking that. So they hired me and I basically went out and interviewed people and I came back and I said, "You're not going to like this, but voice banking is going to fail."

They were like, "What do you mean? It's the hot thing. We have to offer voice. Everybody in the industry's talking about it. It's all the thing." I'm like, "For one simple reason, who likes to talk about money?" What people, when you interview them and you really unpack it, even if I'm in my car by myself, if I'm in my home talking to Alexa, people have been raised to not talk about money and so what are we asking them to do in voice banking?

James Robert Lay:

Talk. It's a cultural norm. We don't talk about money.

Derik Sutton:

They don't even want to hear their own balance out loud. It's just something that makes them feel uncomfortable. I knew that the thing was going to fail at that point in time, but that didn't stop a lot of banks from chasing that shiny object.

James Robert Lay:

It's interesting that you bring that up and I want to touch on that point and then come back to Facebook too and kind of just where things are going, Ford. Because I remember too, I was advising and recommending against voice. I would get asked about it by financial brands, I'd be asked about it by the trades and I would always take a contrarian approach. I don't know, maybe I'm just wired to always look ... well, if everyone's hot on something, well, let me poke holes into why it's not hot. But then if something is not hot, I want to make a case of why it has the potential to be hot, but maybe just not yet.

I think Facebook is a great example of this too. We talked about early adoption. It's the whole thing about TikTok. We're watching the same thing happen with TikTok what happened with Facebook five, 10 years ago.

TikTok is kind of getting a more normalized perspective. I'm not saying for the dear listener, you don't have to go out and hop on TikTok today or tomorrow, but maybe just get in there and start learning it and experiencing it and seeing how it is being utilized with financial services. I'm seeing a lot of financial advisors who are using it. I'm seeing a lot of mortgage loan officers who are using it, even some commercial lenders who are starting to use it as an educational tool. It's being comfortable challenging and transforming how you view things yourself. The same thing too, and I don't think we're here today or tomorrow, and I'm happy to check my own bias at the door around things like the metaverse, because it's so easy to be like, "Oh, that's just dumb."

Or Web 3.0, "I don't get the whole NFT thing." I do, but I'm just saying for the dear listener, if you don't understand it, it's okay. Have an open mind and just be willing to learn. I think the very first thing we have to learn is learn about ourselves and why we feel, why we believe what we believe, and how could our own biases be the biggest impediment for future growth going forward as an individual, as a team, as an organization. What's your thought on that? Because if we're getting into a deeper conversation about personal transformation, but I think personal transformation has to be part of an overall digital transformation narrative.

Derik Sutton:

No, you're resonating with me. I think here's a simple rubric. What is an online social platform? Social, what do you build? Community. What are the people that build the biggest communities called? Influencers. Okay, so if you just take even that baseline definition or rubric there, as a banker, are you in community and do you want to be in community with your customers? I mean, it's called community banking so I would say yes. Do you want to influence their financial lives? I would say yes. Can you do that through education, thought leadership, talking about other people in the community? You have all of these things coming at you. You've got customer testimonials, you've got use cases, you've got the pulse on the community. I would argue that community bankers should be some of the biggest financial influencers out there if done right, and you to do the Applebee's dance or whatever that thing was on there.

You could offer really just great content and just very practical. You don't have to be humorous. There's definitely this thing, people like the humor stuff, but a lot of people really just want stats and facts and information of how to make progress. That community will find you if that's what you stick to and you're true to. It all builds on each other, so let's just say that you were doing this as a banker. What I'd be advising you is like, "Hey, just get started." Just starting to build up content. Start to share. "What? No, Derik, what do I share?" Okay, share stories. How many people are you talking to? Oh, okay, that thing we talked about earlier, how many people signed up for an account last month? You talked to three of them. Could you share their story?

You don't have to even share their name, not their testimony. But like, "Hey, you know what? I talked to three clients last month and one of the stories just really stuck to me. This person had had this bad thing happen, blah, blah, blah, blah. They came, we greeted them, they had success and now look at them." How many people are then listening to that and seeing themselves in that story? They're saying, "You know

what?" That's better than any marketing slick, than any CD rate, than any premier checking or whatever PDF that you could ever create.

James Robert Lay:

It follows a very simple narrative structure, pain, cure, pleasure. People presented with pain, we offered them a cure, and now they're experiencing pleasure because of that. I mean, it's a very simple ... you identify these patterns in communication and then you're able to recommunicate them back out to the community. The idea of community, I think you're onto something there because in episode 247, I talked to Gina B, who's the CEO at a company called Mighty Networks, and they are building independently owned communities. I've talked about how before we hit record, we're building a banking on ecosphere. Started with banking on digital growth or banking on change, banking on expertise will come after banking on change. I've thought about banking on communities. I mean, there's this whole thing that we can continue to build around.

So Gina B talked about that in episode 247. In episode 255, Anne Hanley, author of Everybody Writes, we were talking about how communication is critical as a leader. A lot of this boils down to, back to you said, influence. Let's look at this. You have communication and you have influence, and I'll call that leadership. Both are critical practices for effective change management. As we look ahead towards future growth in uncertain economic times, what are opportunities for financial brand leaders to optimize their own communication to influence positive behavior transformation, both internally as well as externally? I want to start internally first because this is all about making sure that our people are taken care of when it comes to navigating tough economic challenges, tough economic times, uncertain economic times. How can we positively influence good behavior as a leader internally first so that our people are taken care of?

Derik Sutton:

Tell stories. Best way. We have a phrase at Autobooks called proximity create sympathy. You have to gain proximity to your employees first. You then teach and train them and work with them to gain proximity to the customers you serve. Then out of those interactions, you just repeat the stories that take place. It's very simple. As people, we've been built on the passing down of stories in fables and heroes journeys and things like that, tragedies, all those kinds of things. Those things happen every day in people's financial lives and there are times when you help people overcome and there's times when you've let people down and you got to tell both of those stories. Because if not, then you lose the empathy in connection both to your people and to your end customers. If you can keep that at the focus and the center, then everything moves forward from there.

Then if you're building a financial brand and you're in marketing, you have to get out of the Cheesecake Factory menu approach that you and I talk about of, "Okay, I've got this banking website, I've got all of these products and I must put every one of them up on the website." I would say that that's false because what happens is it gets to that average thing and you start ... it's so overwhelming and it's so bank speak that a customer can't see themselves ... they can't see their story in your website. If you actually pull that back and say, proximity creates empathy, why are most of our customers choosing us? Where are most of our customers finding success and value? Go build the site around that. There's a place then and then there's ways that you can obviously surface up other features, but the main thing needs to be the main thing, and telling customer stories and internal customer stories is the best way to draw people in and reestablish community banking in a digital way, I believe.

James Robert Lay:

I like the idea of reestablishing community banking in a digital way. Let's wrap up on this thought and send the dear listener off of something super practical that they can do next. Because all transformation that leads to future growth begins with a very small and simple step forward. You're right, it all comes back to community and it all comes back to guiding people beyond the pains of the present moment, both internally and externally. What is one simple step that they can take next, the dear listener, to guide them forward, to help them positively transform behaviors, whether that be through an internal lens or an external lens that goes beyond the survey that really puts people's stories at the center of their thinking and doing. What's one thing?

Derik Sutton:

Yep, take those stories. Go take the interviews, distill the stories, and then at your company, all hands, at your weekly branch meetings, wherever you can, tell those stories. The great thing about that is you don't have to be this crazy innovator. If you just tell people stories and let people react to that and take action, if you've got good people around you, good things will happen. The number of ideas, the number of positive things that will come out of that, you'll be astonished. Just make it a habit to talk to customers, hear their stories, tell those stories as often as you can and then let the people around you react to that and the people that react positively or the people that are going to help move your organization forward. If people don't react positively, that's a red flag and they probably need to be moved on and find a different organization. But man, just get back connected to your customers, hear their stories, tell their stories, rinse and repeat.

James Robert Lay:

To synthesize that, go all in on people, ask good questions, listen to them, learn through observation, make it a habit to listen. There's no better way to ... launch a podcast. I mean, that's a very practical way to really be at the center of your niche market, because you're listening in real time and that then gives you a content conduit to continuously take what you're learning, roll that back out into the marketplace, which is why I'm so grateful for the conversations that I'm having with people like you because we're all learning and growing here together.

Derik Sutton:

Yeah. Our head of training, Kim, she launched an internal podcast. So you're a baker, go do that. What she does is she tells stories of Autobooks team members. She'd go, "Hey, what do you do? How do you help our small business clients? Tell me stories about an impact of small business customers?" That's the internal podcast right. Now everybody gets infected with what that person does, their interactions with the customers and gets built up better. We learn about who they are as a person, their role at Autobooks, how they're impacting the small business customer and how they basically influence the organization that I work with. It's a great way to build community. If you're scared, maybe it's not out to the external audience, maybe it's internal audience first.

James Robert Lay:

I've made that recommendation so many times to organizations in the Digital Growth University. They're like, "Where do I begin?" You start internally because it's safe and you're building community internally first that then eventually will boil over externally. It's just habits, it's just showing up. I tell my son, he's 12 years old, all the time. I'm like 90, 95% of life is just showing up and putting the work in and having a commitment to keep doing this. On that note, for the dear listener to continue to expand your thinking, another great book, the Business of Belonging, How to Make Community Your Competitive Advantage. Very practical, very tactical, has a lot of strategy too, but really good things that you could do.



That's a great example, Derik, of what your trainer is doing to take the stories of success and also lessons to be learned and then sharing those internally. You're all getting better together. You're all working towards a purpose that is bigger than the present moment. Derik, I want to thank you for joining me for another episode of Banking on Digital Growth. Great conversation, just like before. We're definitely going to have to do this again. What is the best way for someone to reach out to you, say hello, continue the conversation that we've started here today?

Derik Sutton:

Probably best way is just on LinkedIn. It's Derik Sutton, D-E-R-I-K S-U-T-T-O-N and then hit us up at Autobooks. We'd love to hear from you.

James Robert Lay:

Connect with Derik, learn with Derik, grow with Derik. Derik, thank you so much for joining me for another episode of Banking on Digital Growth. This has been a lot of fun, buddy.

Derik Sutton:

You bet. Thanks for having me.

James Robert Lay:

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