#cfresults

Does resistance to technology in the boardroom suggest it's time for change?

Insights from Tom Hershberger, CEO, Cross Financial, 2020

The monthly board meeting was still fresh in his mind. The experience he was recalling seemed to produce a bit of frustration. The bank CEO I was talking to has been working to leverage technology throughout their organization. In particular, he was investigating a simplified digital reporting system to prepare and present reports to his board. While he is making progress with some of the bank's reporting activities, he suspects there is a better way to assemble monthly performance information and report it to his board in a simplified format.

Traditional Approach

Think about the traditional approach for a monthly board meeting. The week (or two) prior to the meeting is spent accumulating reports from different areas of the bank. Some are compiled from the same processing system, others require independent reporting. Some are provided electronically, while others are only available in paper form. In any case, bank employees are charged with assembling the board materials in a sequence consistent with the meeting agenda and then they copy and place everything in a binder for each board member. How many hours are consumed each month in preparation for your board meetings? There has to be a better way.

At many banks, management has transitioned to producing electronic documents that replace the three-ring binder full of paper. This is usually accompanied by a laptop, tablet or mobile device issued to each director to view the reports at the meeting. This is where the CEO started experiencing a disconnect with his technology goals for the organization.

Leveraging Technology

The digital reports are ready to go. They are placed on the bank's network and the directors are asked to access the appropriate documents using the electronic device they have received.

What happens next might suggest it's time for change in the boardroom.

Meeting conversations immediately included the following questions. What's the password? How do I activate the screen on this device? Which drive are we supposed access? Which document are we talking about? How do I open that file?

Banks have typically allowed directors with travel challenges to join by conference call. No problem. The director receives an information packet by mail and then dials in to hear the audio portion of the meeting. Then the virus hits, social distancing is a priority, and the bank decides to modify their meeting procedures and use a virtual meeting application. The technology bar just got raised for every member of the board.

Equipping Decision-Makers

This is where the CEO in my story expressed his frustration. He had just finished a board meeting that had some directors joining virtually using the prescribed technology. He also had directors present in his board room because they didn't want to use the new technology-based solution. So, what should this CEO do? Should he tell the directors sitting in his boardroom that things need to change? Does he develop a plan to educate his directors about current technologies? Or, does he find it's time to recruit some new directors?

Changing directors may seem a bit extreme, but think about the implications. The Board of Directors is charged with guiding the development and success of the financial institution. They are responsible for

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Change, continued

ensuring that bank management is making the right decisions related to bank operations, business development, and yes, technology. If a member of the Board of Directors doesn't want to embrace and understand emerging business trends and the related technology, how can they fulfill their responsibility to guide the bank's performance and help it prepare for the future?

The most beneficial insights about what is working and what should be improved will commonly come from active users. Systems, programs and products get designed and modified based on user feedback. The companies that integrate user feedback into their decision making, will produce superior products. So, how can a board member provide the most valuable insights when they are not an informed user?

Exceptional Leaders

The most insightful bank directors I meet are individuals and business owners that possess a few consistent attributes. They value people and their contributions to the organization. They are open to innovation. They appreciate the value of creating new paradigms. They are flexible. They approach every challenge or opportunity with the knowledge that where the process is heading, may be different by the end. They are curious. They are always asking questions about why and why not. They want to know 'the rest of the story.' And, finally, they are passionate about business success. They understand how to make business decisions and they are willing to pour their knowledge and experience into providing the best possible guidance to bank management.

Helping Improve Performance

The majority of bank products and services are intangible. They are embedded with value derived from relationships, procedures and delivery channels dominated by people and technology. If a member of your board lacks knowledge about relationship development, operational procedures or technology, their support of your organizational success has limits. Challenge your management team and directors to build competencies around what drives banking success today. Technology is an essential ingredient, so don't let it become the reason you need to recruit new directors.

Make a list of the banking services, current operations, industry regulations, emerging delivery channels and customer journeys that must be understood by your Board of Directors. Then create a realistic plan to develop that knowledgebase in your boardroom. Your competitive advantage begins with guidance from the top of the organization.

Fully engage your directors in your strategic planning activities. We have surveys and other resources to capture their insights as you plan for future success.

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402 441.3131 6940 O Street Suite 310 Lincoln, NE 68510 crossfinancial.com