

A close-up photograph of a person's hands holding a glowing lightbulb. The lightbulb is illuminated from within, casting a warm, golden glow. A string of small, warm-toned lights is visible in the background, adding to the overall atmosphere of innovation and discovery. The background is dark and out of focus.

Creating Value From Innovation

Lessons from Banking Innovation Leaders



@JPNicols



JP Nicols is an instructor on innovation, strategy, and leadership at the Pacific Coast Banking School.

He is cofounder of the Alloy Labs Alliance, a group of some of the most innovative banks in the country leveraging network effects to accelerate innovation, build partnerships, and make strategic investments.

JP is also cohost of *Breaking Banks*, the #1 global fintech radio show podcast, and the #1 business show on VoiceAmerica.



Some of the most innovative banks in the country leveraging network effects to accelerate innovation, build partnerships, and make strategic investments.

If we were a single bank, we would rank in the Top 25, giving us a combined strength and reach far beyond that of working alone.



INTELLIGENCE

- Crowdsource & curate content
- Focus: information outside the public domain or day to day purview of members

CENTERS OF EXCELLENCE

- Co-create best practices, standards & strategic inputs,
- Focus: Member-driven; tangible products for internal use on

PROPRIETARY INSIGHTS

- Powered by network
- Focus: actionable frameworks, strategies and plans

PARTNERSHIP WORKGROUPS

- Problem definition, solution selection, post implementation success
- Focus: established players (including startups) in digital transformation (external and internal)

THE CONCEPT LAB

- Partner with pre-vetted early-stage startups along strategic themes
- Focus: Startups at “the edge of money”

ALLOY ALCHEMIST

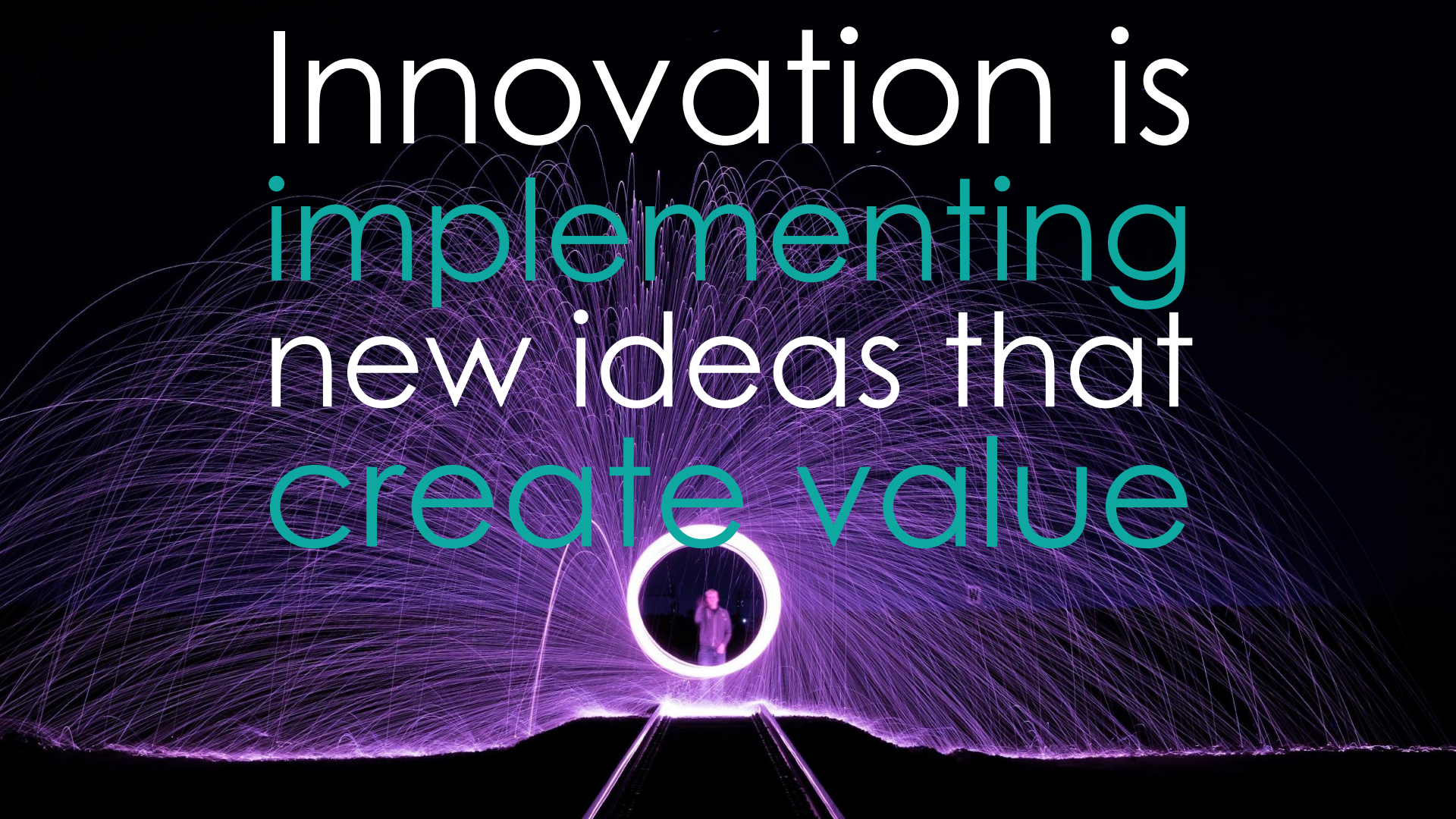
- Strategy-first fintech investment fund with co-investment opportunities
- Focus: partners, Concept Lab graduates, insights (biz model / tech)

AGILE STRATEGY AND EXECUTION PROGRAM FOR TEAMS

- Hands-on facilitated program to address key threats and opportunities and align priorities
- Industry-leading tools and frameworks, taught by top banking school instructors
- You don't have to be a member of Alloy Labs to participate

What is Innovation?

Innovation is
implementing
new ideas that
create value



1) Know Your Starting Point

START

The Innovation Maturity Curve

Where is your organization today?

Find out: AlloyLabs.com/assessment

Measure your innovation maturity across 7 key dimensions



4. Effectiveness



5. Efficiency



3. Emphasis



2. Engagement



1. Exclusion

Higher Disruption Risk

Lower Disruption Risk

The Innovation Maturity Curve

Where is your organization today?

Find out: AlloyLabs.com/assessment 

Measure your innovation maturity across 7 key dimensions



1.Exclusion

- Efforts are few or non-existent
- Need for change not recognized or prioritized



2.Engagement

- Efforts are ad-hoc, informal, or inconsistent
- Change mandate may be new
- Need internal alignment and foundational frameworks

3.Emphasis

- Tackling a lot of things at once
- Often playing catch-up from underinvestment
- Current program ineffective or stalled
- Need to prioritize competing projects



4.Effectiveness

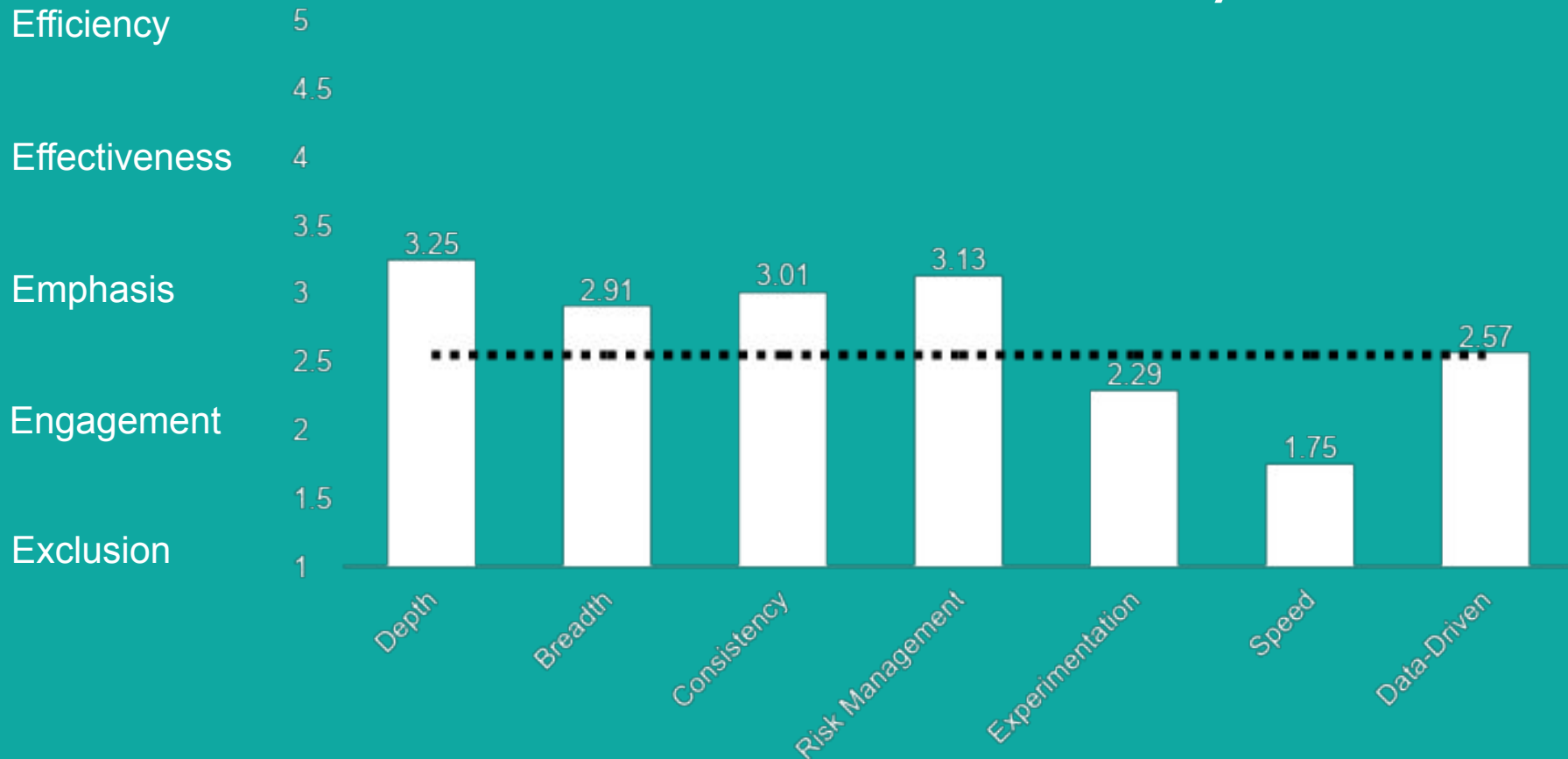
- Putting innovation into regular practice
- Extending and defending core products/services
- Need experienced resources and curated fintech partners to get to ROI faster



5.Efficiency

- Typically more advanced teams
- Want to focus on big strategic or proprietary ideas
- Creating viable options and building emerging businesses
- Need efficiency and network effects

Innovation Maturity



A glowing lightbulb hangs from a red cord against a dark blue background. The lightbulb is illuminated, casting a warm glow. The cord is attached to a black electrical component at the top. The background is a solid, dark blue color.

The Big Secret:

Innovation is
Simple...

A person is shown from the waist down, sitting on a Concept2 rowing machine. They are wearing a black wristband on their right wrist, black socks, and black athletic shoes. Their hands are firmly gripping the rowing handle. The machine is black and silver, with a large flywheel on the left side. The background is dark, suggesting a gym environment.

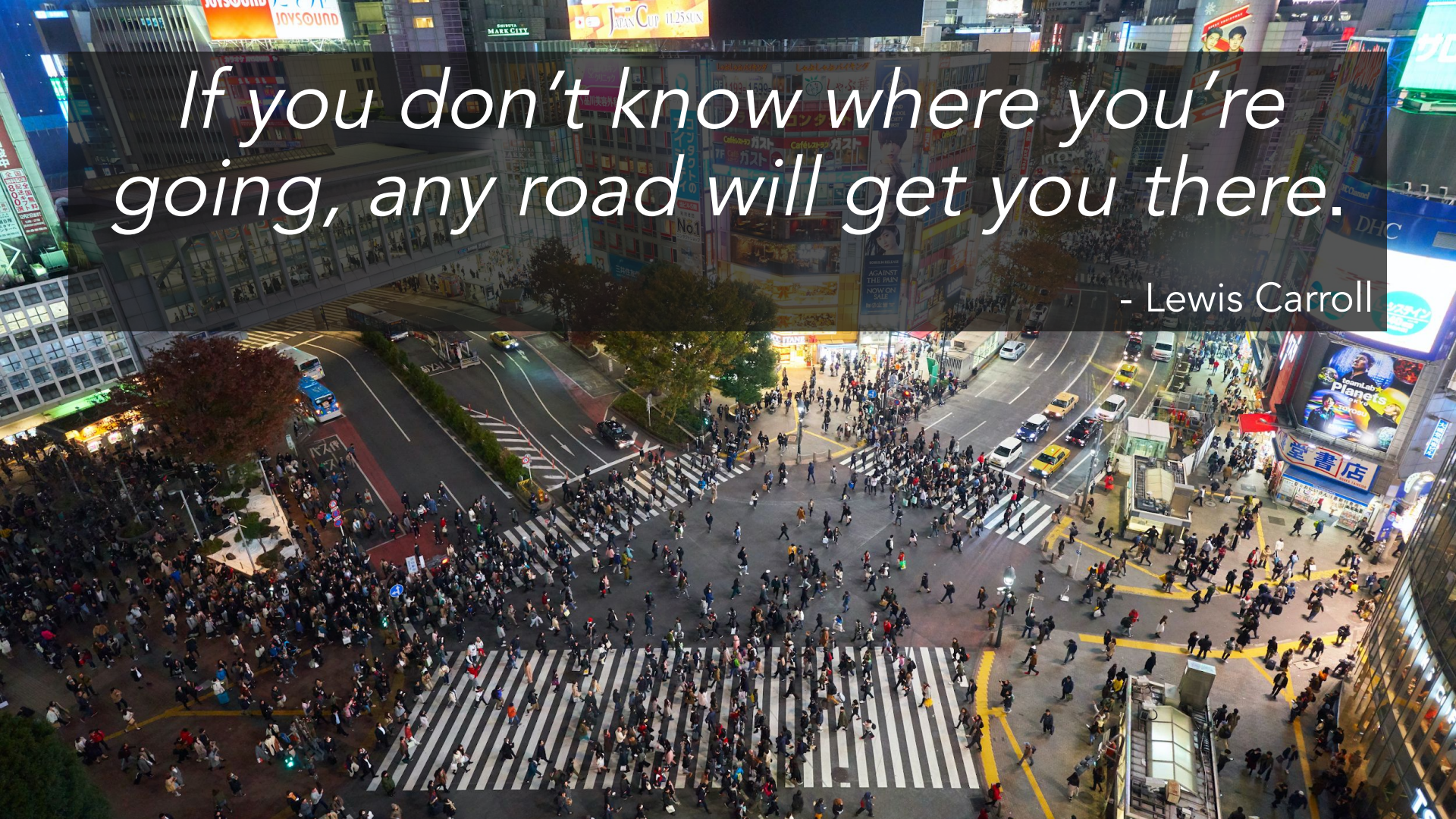
...but it's not *Easy*.

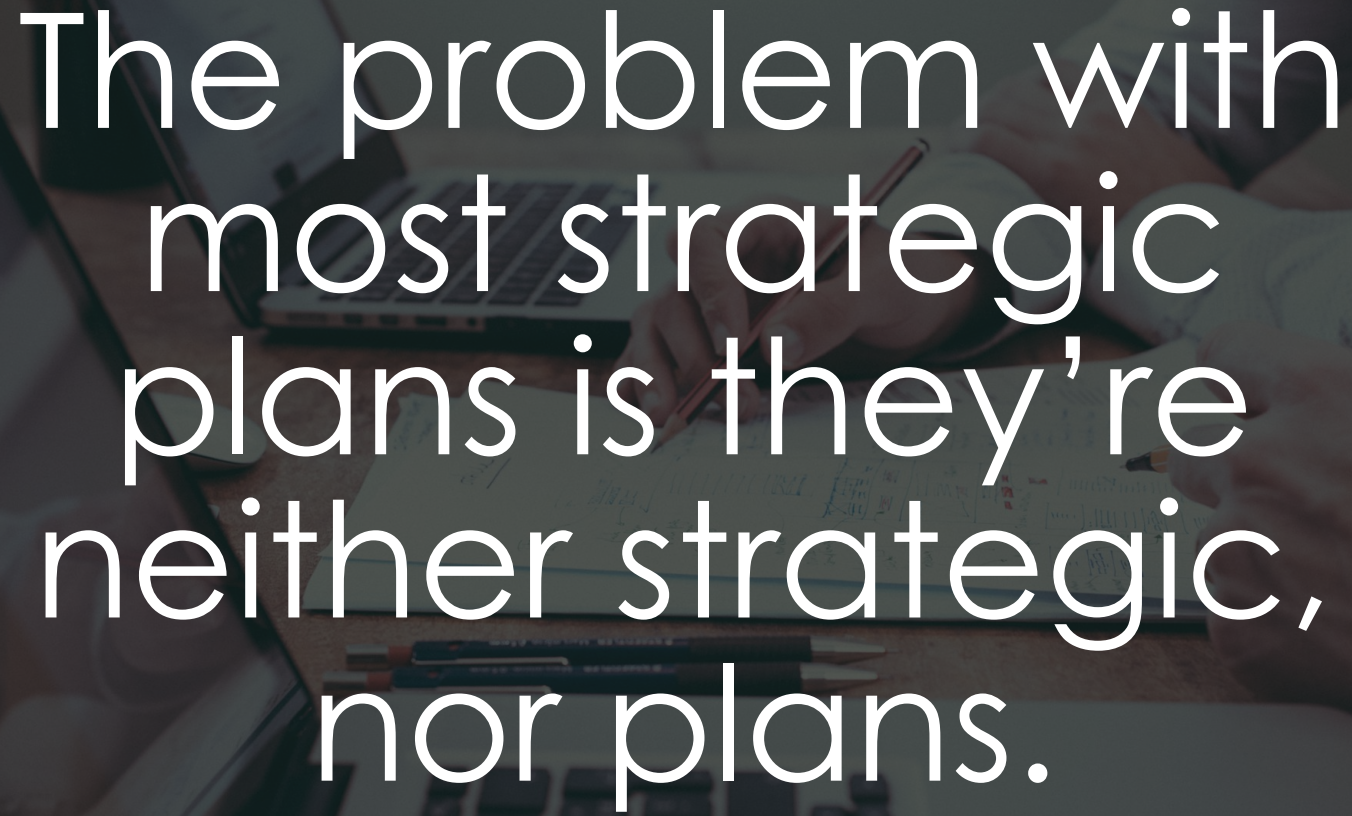
You have to do
the reps

2) Set the Strategic Course

If you don't know where you're going, any road will get you there.

- Lewis Carroll





The problem with most strategic plans is they're neither strategic, nor plans.

A silhouette of a person standing on a rocky mountain peak with their arms raised in a 'V' shape, symbolizing triumph or achievement. The background is a sunset or sunrise over a mountain range, with the sun low on the horizon and a gradient of colors from blue to orange.

Success

Is a Poor Teacher

- Bill Gates



HT: @BrianRoemmele

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A high-angle photograph of a single, vibrant green tree standing in a vast, dark, and desolate landscape. The ground is a mix of dark grey and black, appearing to be volcanic ash or sand. The tree is positioned in the upper right quadrant of the frame. A long, dark shadow is cast from the tree towards the bottom left, extending across the middle of the image. The overall mood is one of isolation and stark contrast between the living tree and the dead landscape.

Gradually, then suddenly.

Blockbuster's Head of Digital Strategy, 2010



“We’re strategically positioned better than just about anybody out there. Never in my wildest dreams would I have aimed this high.”



Video American in Baltimore - Image credit: Baltimorefilmguide.com

BLOCKBUSTER



NETFLIX

P.O. Box 49021
San Jose, CA 95161-9021

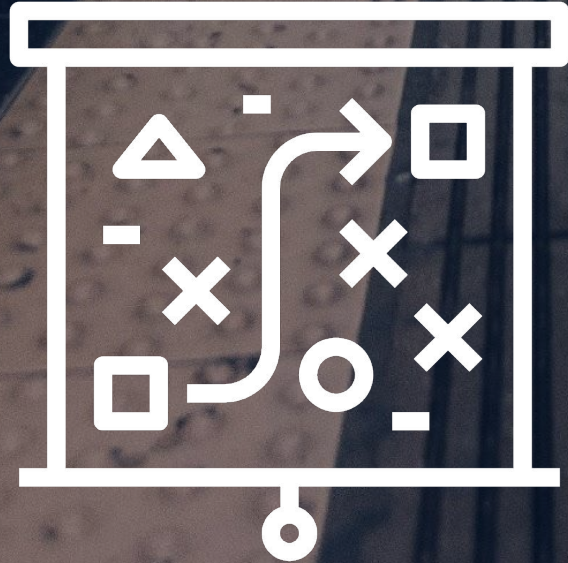


ruption Disruption

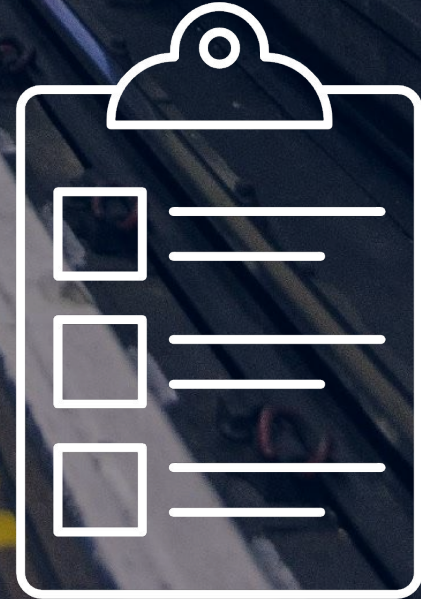
Is already here

(It's just not widely distributed yet)

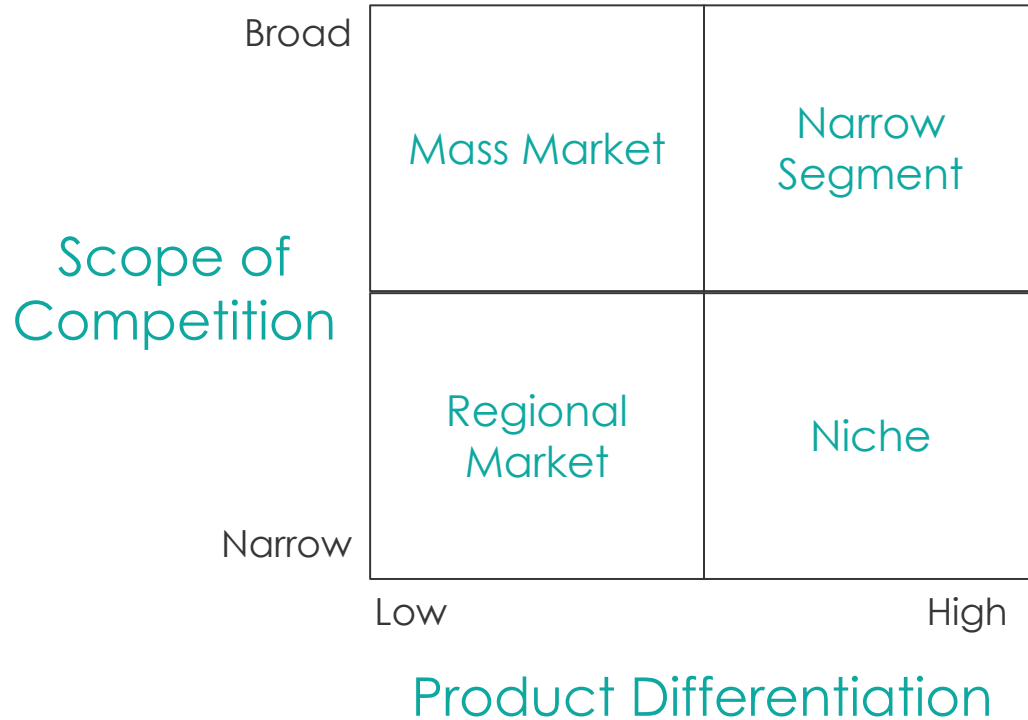
Strategic Plan



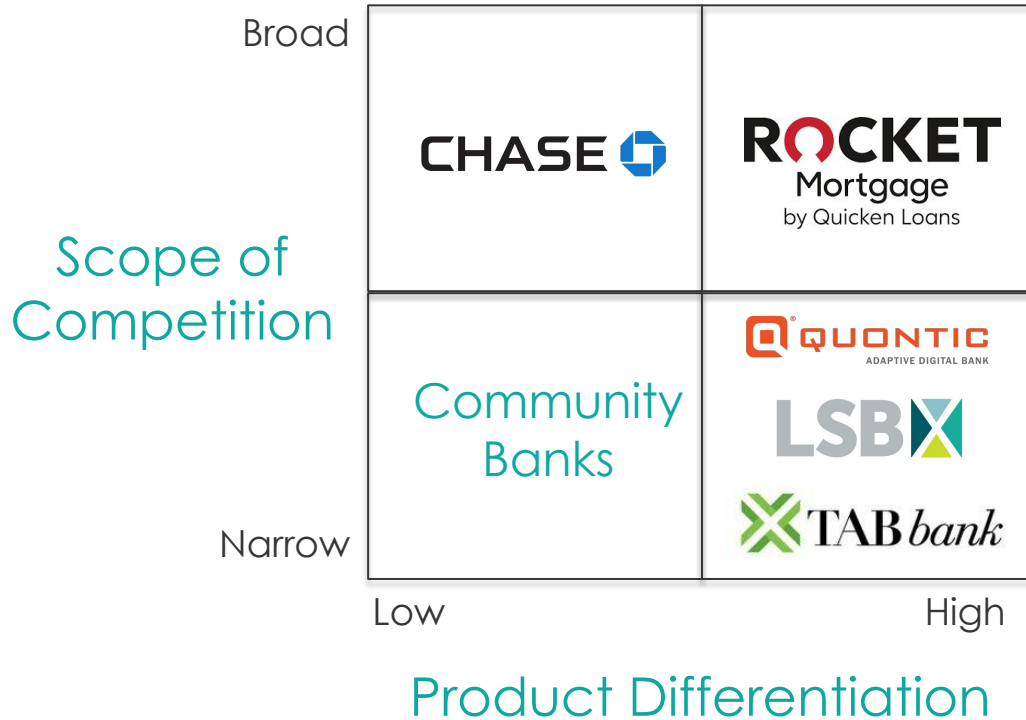
Project List



Generic Strategy



Generic Strategy - Banks



Balance Defending and Extending the Core Business with Creating Viable Options For the Future





Extend
the Line



Bend
the Line



Transcend
the Line

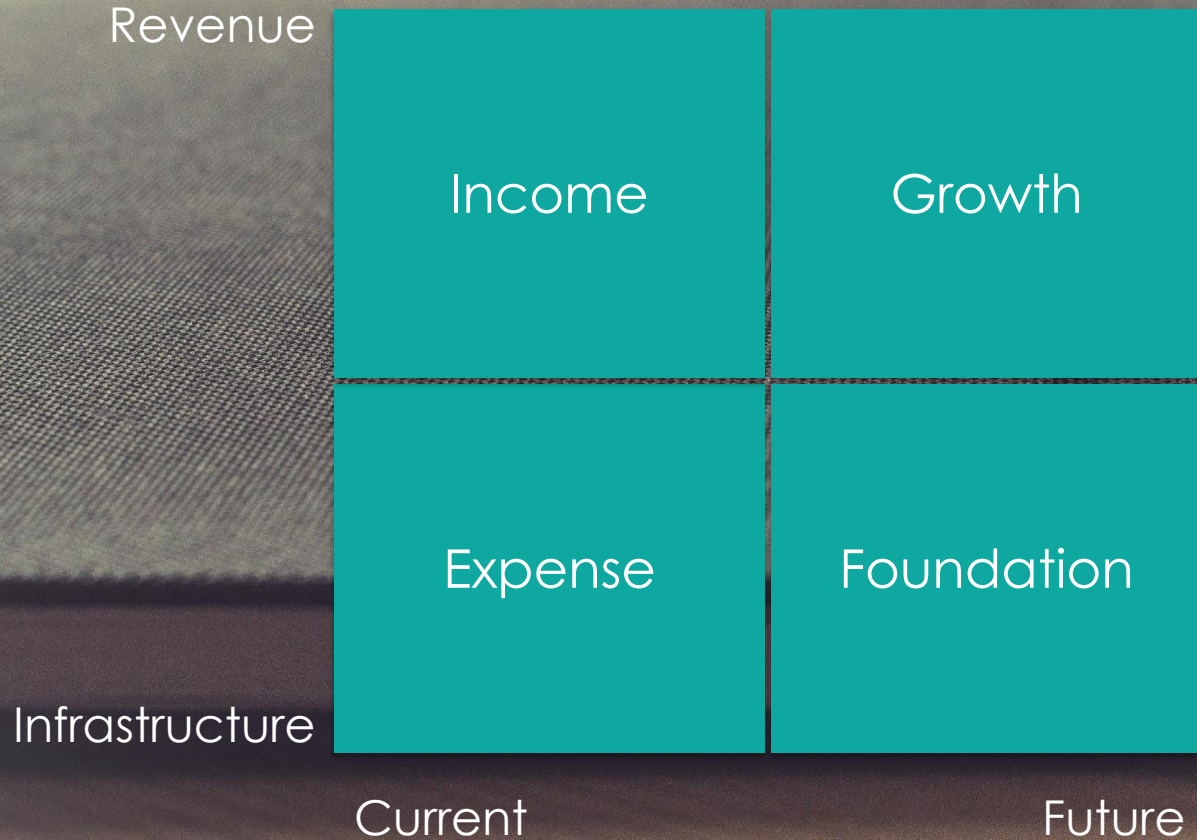


Effectiveness:

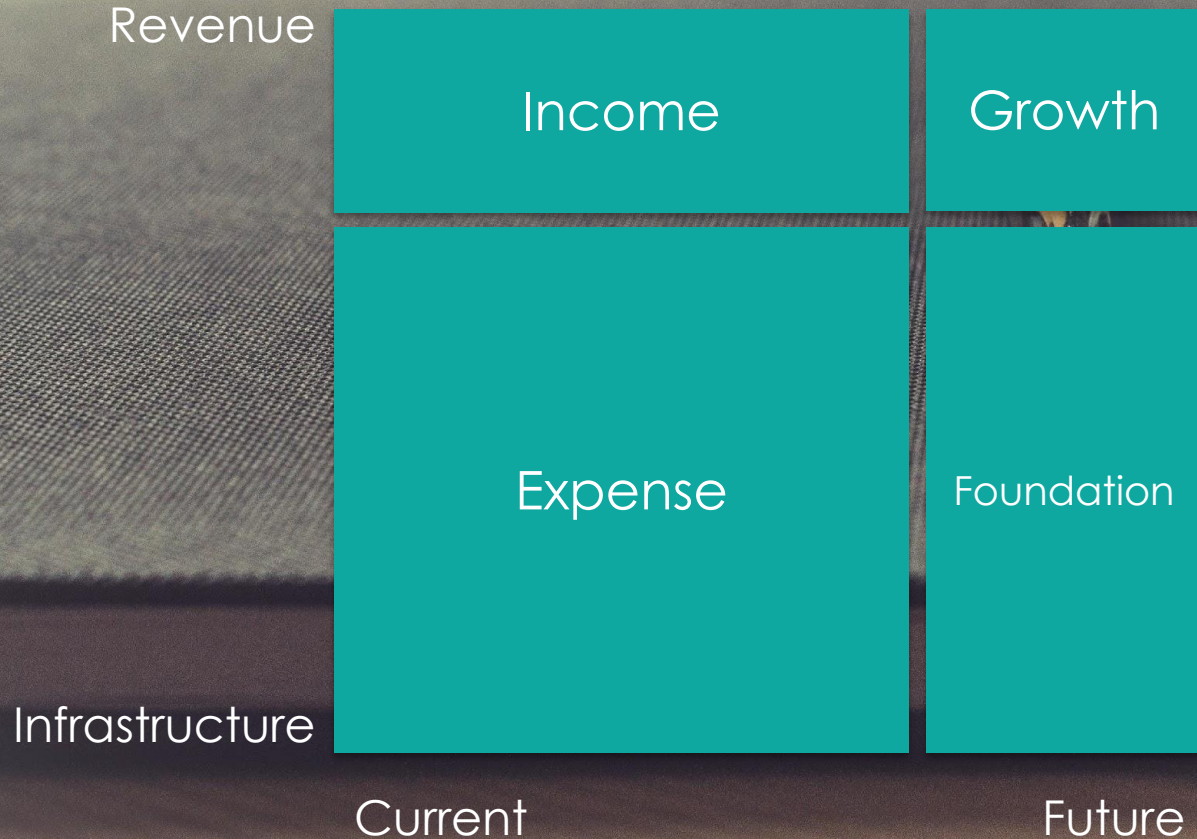
Core Strategies & Tactics

Innovation Strategies & Tactics

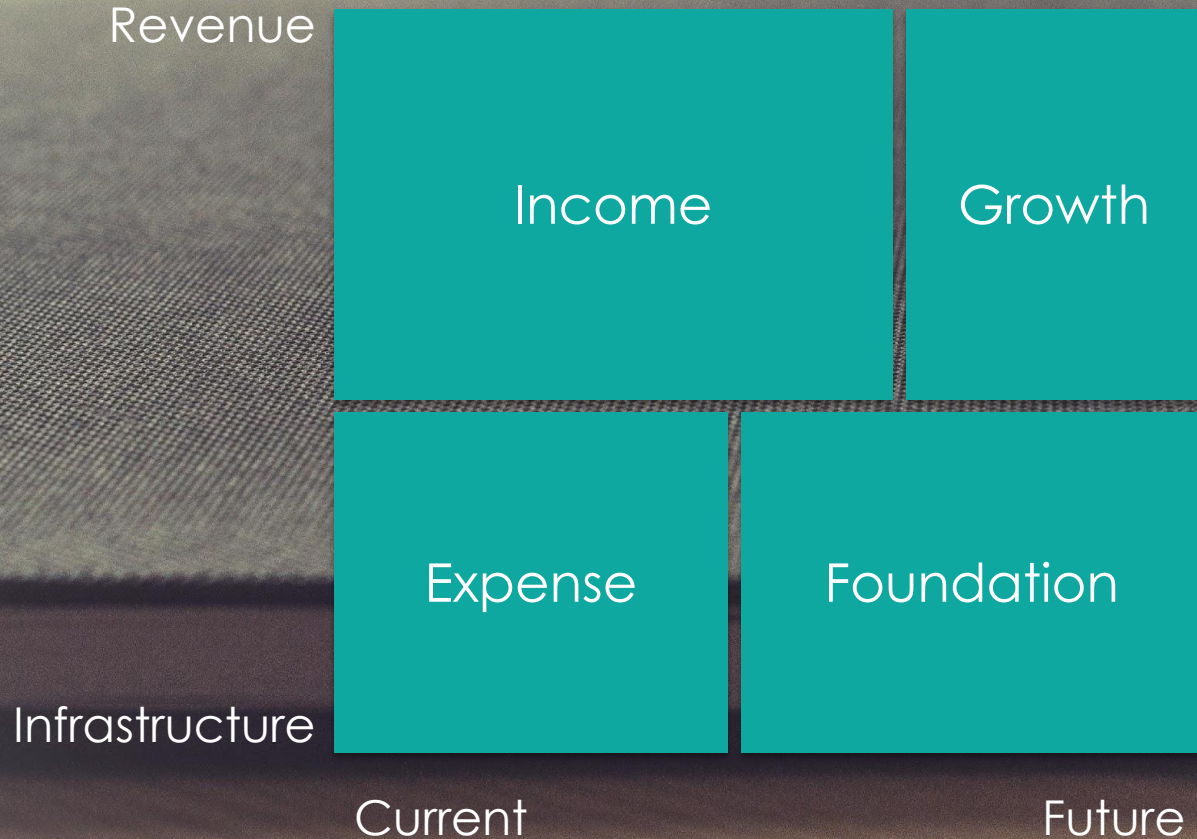
Innovation Portfolio



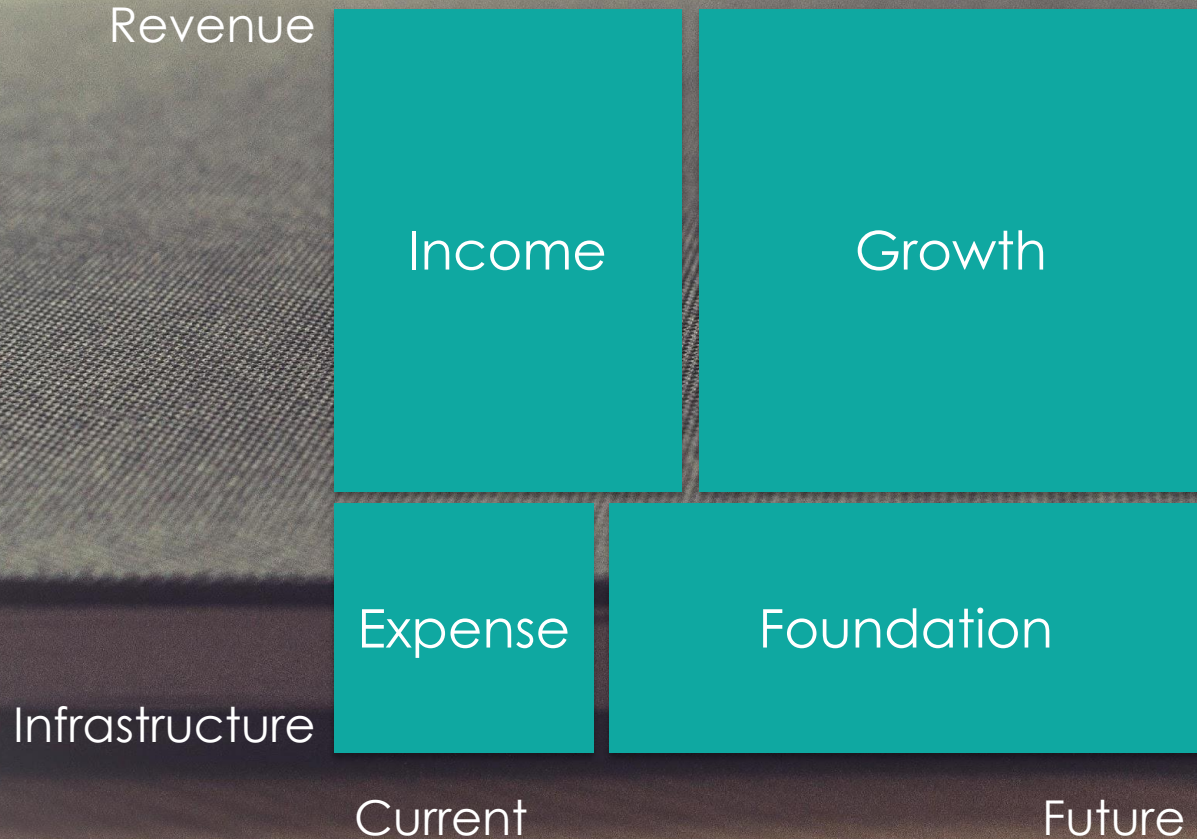
Innovation Portfolio



Innovation Portfolio



Innovation Portfolio



Play Defense AND Offense

Overarching Objective: Not Lose

Business Goal: Parity

Success Measures:

Market share, Wallet share,
benchmarks

Risk/Return Symmetry:

Low Risk/Low Return

Strategic Risk: Overspending

Overarching Objective: Win

Business Goal: Differentiation

Success Measures:

Varies!
Growth and Margin

Risk/Return Symmetry:

High Risk/High Return

Strategic Risk: Underspending*

3) Create Capacity For Innovation

A photograph of a multi-story atrium with a central staircase and a glass skylight, viewed from above. The structure is made of dark metal frames and glass panels, creating a complex geometric pattern. The lighting is warm, and the perspective is looking down from a high vantage point.

Innovation vs. Core Business

- New Products
- New Customers
- New Markets
- Partner with Others
- Increase Variety
- Create New Metrics
- Nail it, then Scale it
- Maximize Learning
- Explore Unknowns
- Discover *Next* Practices

Exploration

- Existing Products
- Existing Customers
- Existing Markets
- Internal Resources
- Reduce Variability
- Meet/Exceed Metrics
- Increase Volume
- Maximize Profit
- Manage Known Knowns
- Enforce Best Practices

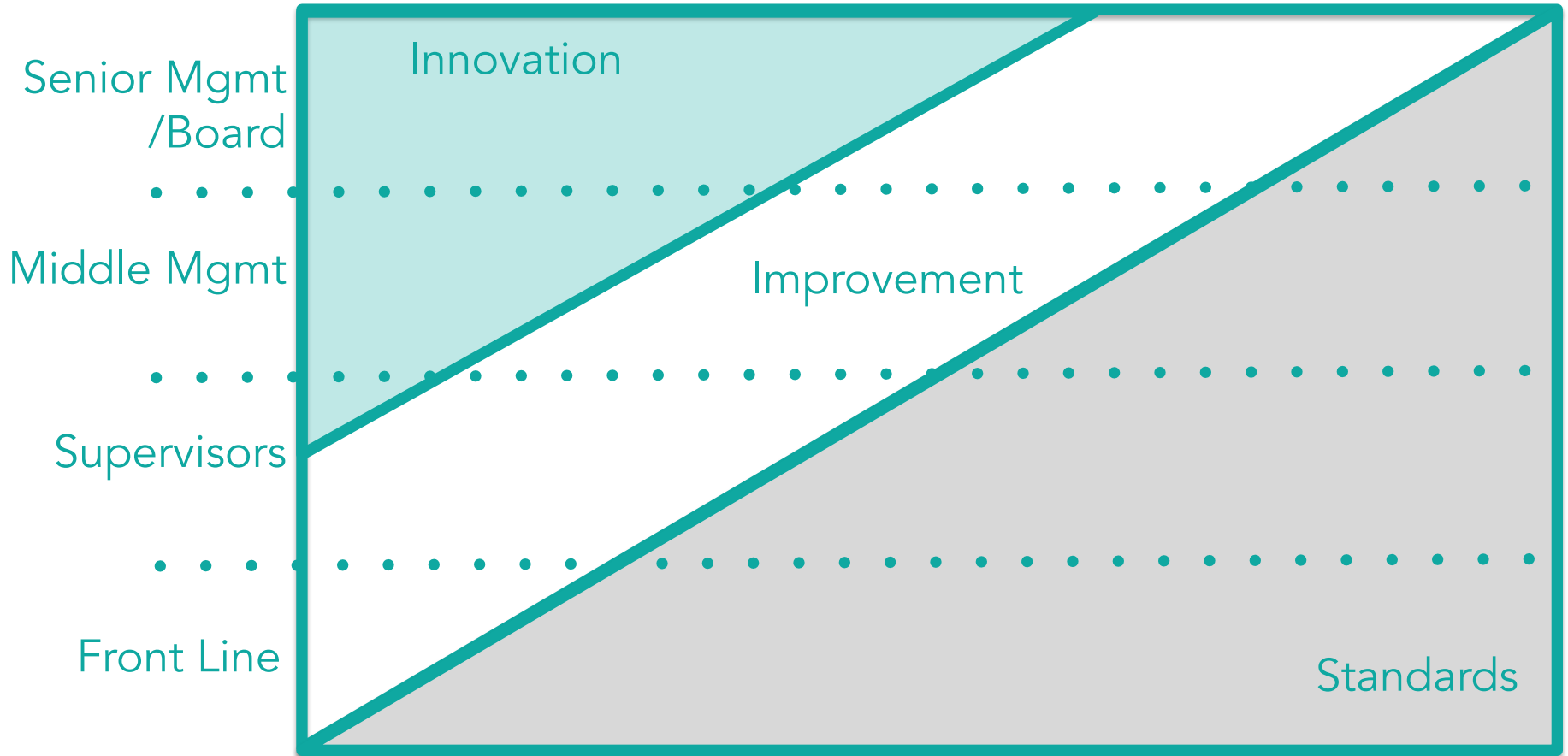
Execution



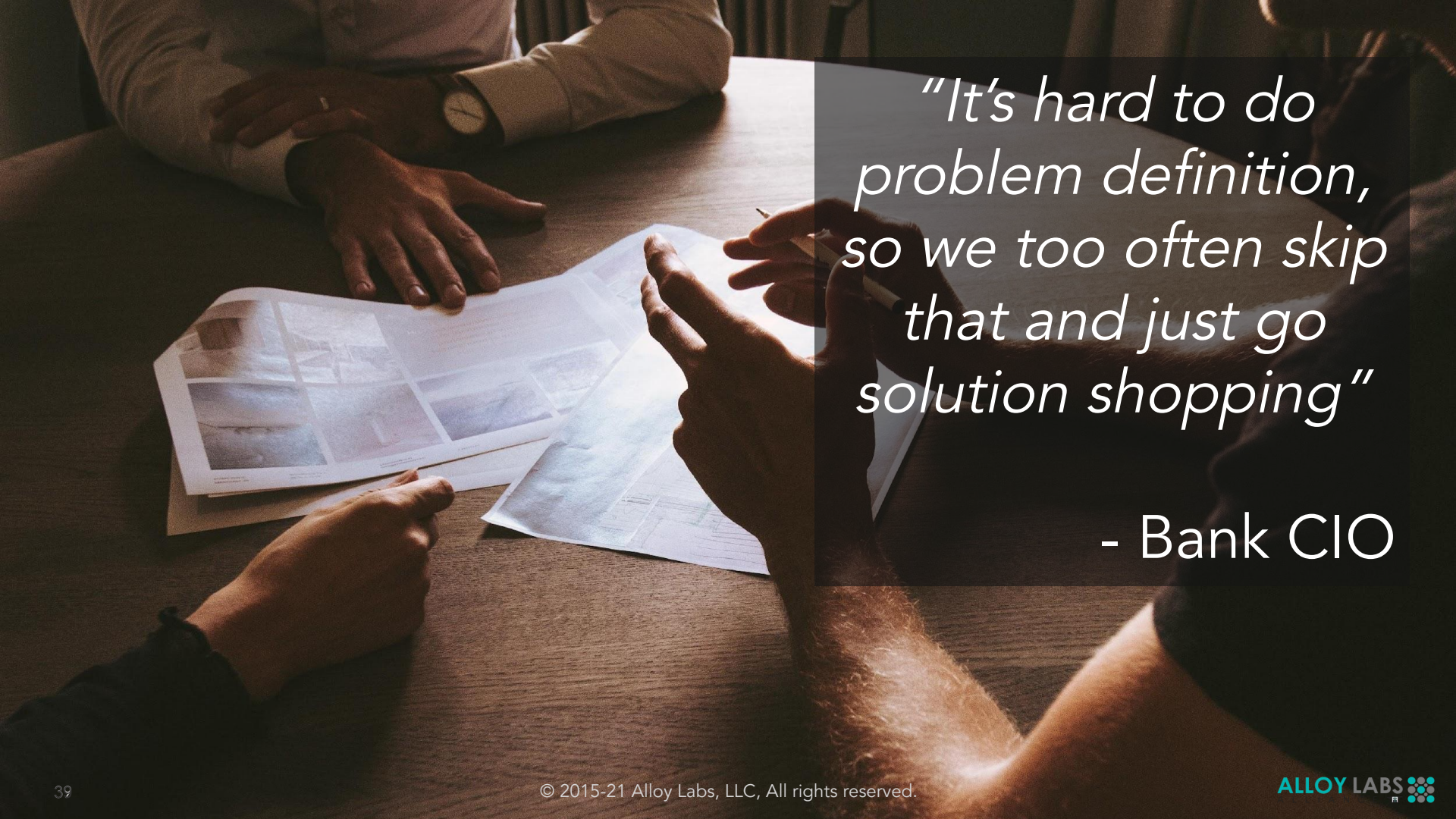
Peter Drucker

*“Management is doing things right.
Leadership is doing the right things.”*

Kaizen Model



Don't Delegate Innovation to Your IT Team

A photograph of a meeting around a wooden table. Several people's hands and arms are visible, interacting with documents and a pen. The lighting is warm and focused on the table. A semi-transparent dark box on the right side of the image contains white text.

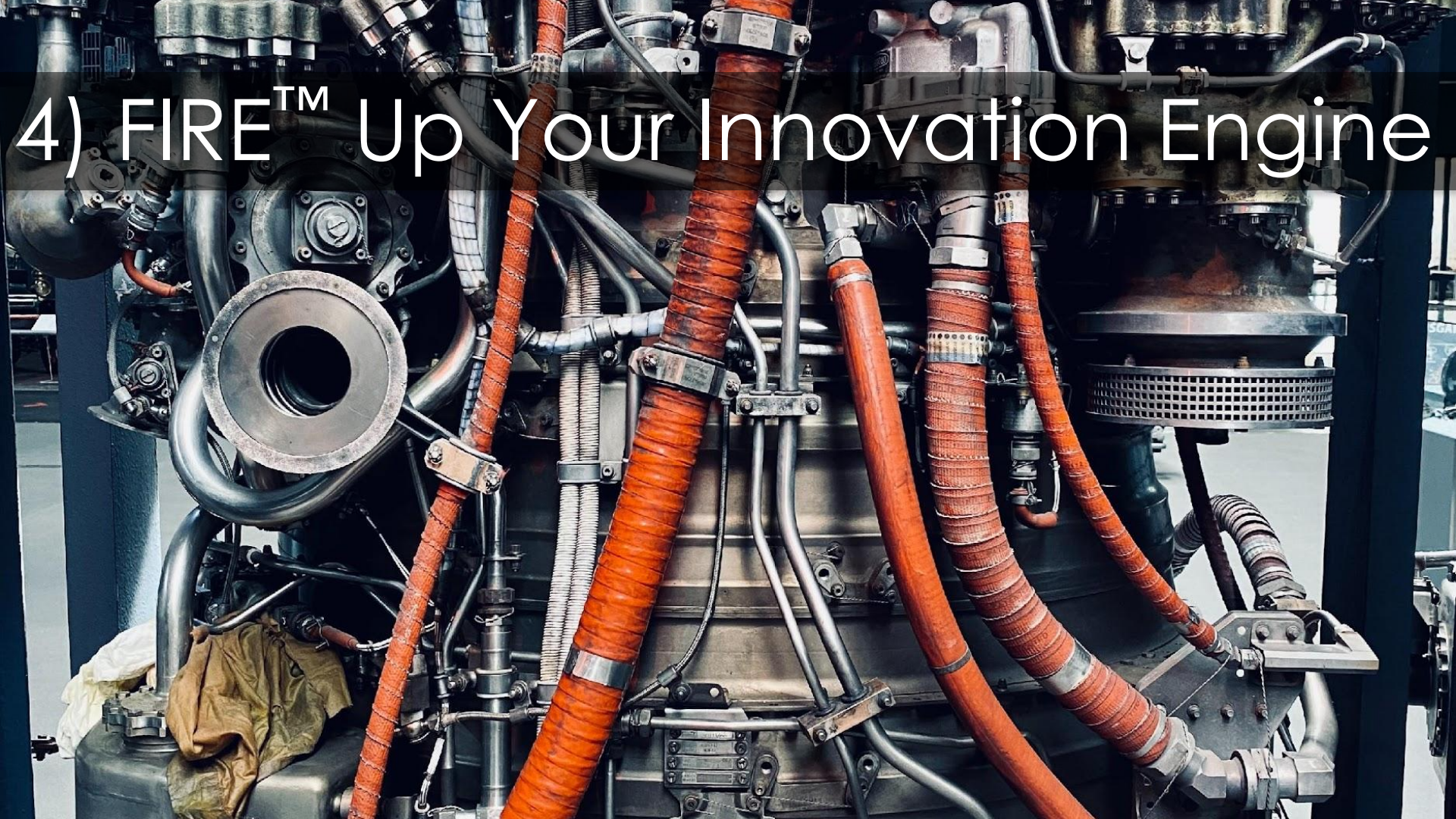
*"It's hard to do
problem definition,
so we too often skip
that and just go
solution shopping"*

- Bank CIO



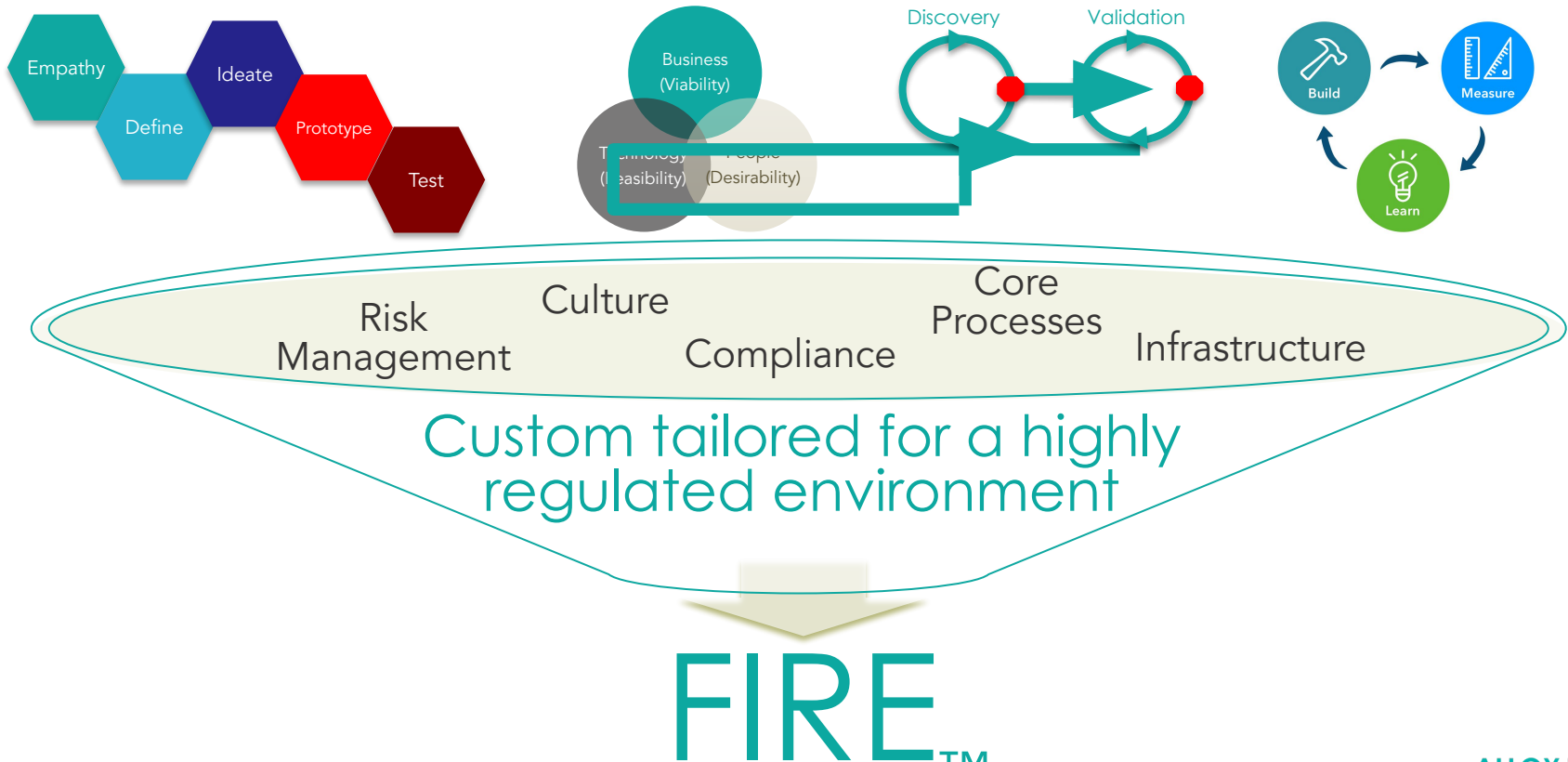
“It’s Not About the Fintech Petting Zoo”

- Jason Henrichs



4) FIRE™ Up Your Innovation Engine

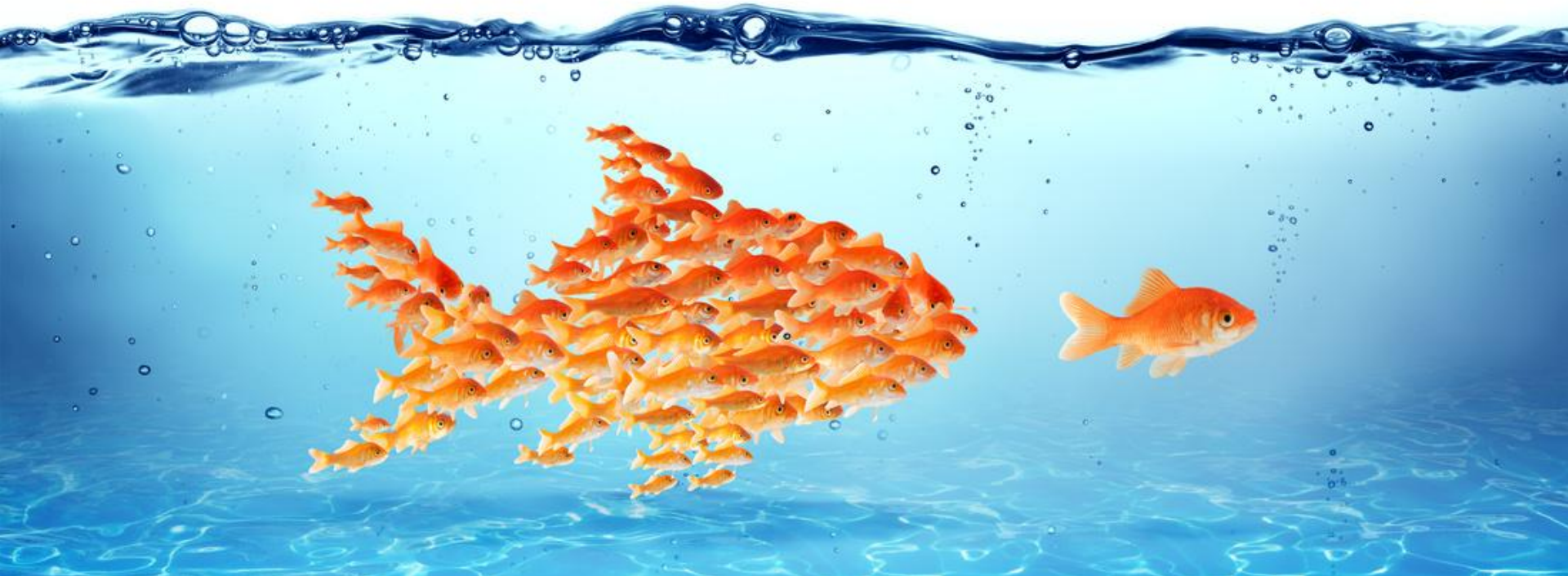
Modern agile business methods



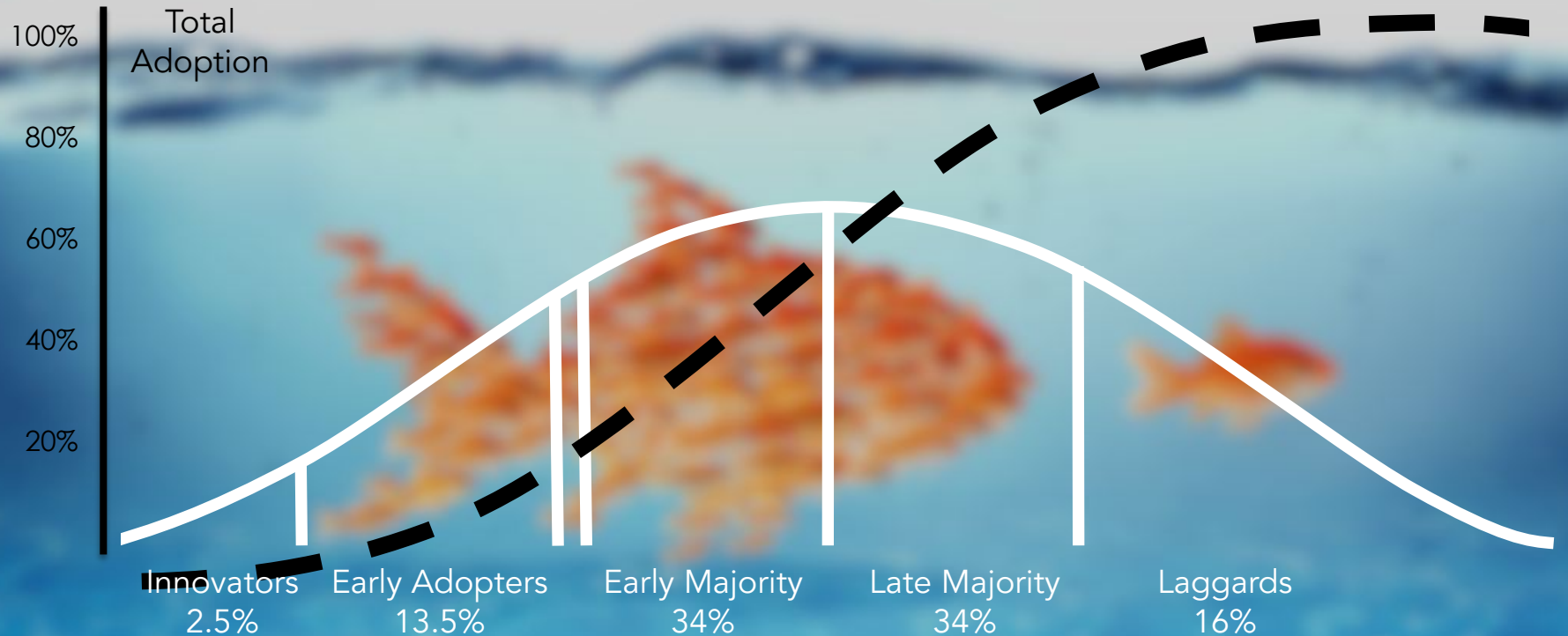
Fast Iterative Responsive Experiments

Shorten the gap between idea and results

The 'Fast Follower' Strategy Only Works if you are Actually Fast



The 'Fast Follower' Strategy Only Works if you are Actually Fast



Fast

Shorten the gap between idea and results

Iterative

Process of continuous improvement

Responsive

Data drives subsequent iterations

Experiments

Beware the HIPPO



Fast

Shorten the gap between idea and results

Iterative

Process of continuous improvement

Responsive

Data drives subsequent iterations

Experiments

Structured to maximize learning

The image features several stacks of poker chips in various colors: black, green, red, blue, and white. The chips are arranged on a green felt surface. The background is dark blue with a bokeh effect of purple and white light spots. A bright light source is visible in the upper left corner. The text "Test and Learn" is overlaid in the center in a white, sans-serif font.

Test and Learn

4 Keys to Thriving in an Era of Digital Disruption



1) Understand Your Starting Point

Know your starting point on the innovation maturity map across the 7 key dimensions for effective innovation in financial services:
FTForge.com/Inventory



4.Effectiveness



5.Efficiency



3.Emphasis



2.Engagement



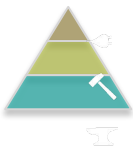
1.Exclusion

7 Key Dimensions:

1. Depth
2. Breadth
3. Consistency
4. Risk Management
5. Speed
6. Experimentation
7. Data Driven



3) Create Capacity for Innovation



Leverage Strategic Investments

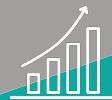
Internal Acceleration Process

Executorial Frameworks

Existing Strategies & Tactics



Extend the Line



Bend the Line



Transcend the Line

Innovation Strategies & Tactics



2) Set the Strategic Course



Create a Declaration of Innovation™ -
 The Who, What, When, Where, Why, and How
 of your innovation strategy

Develop an innovation portfolio aligned with
 your most important strategic priorities



Establish foundational frameworks for funding,
 governance, and risk management; develop KPIs
 and metrics to measure and manage success



4) FIRE™ Up Your Innovation Engine

Fast

Shorten time between ideas and results

Iterative

Continuous improvement

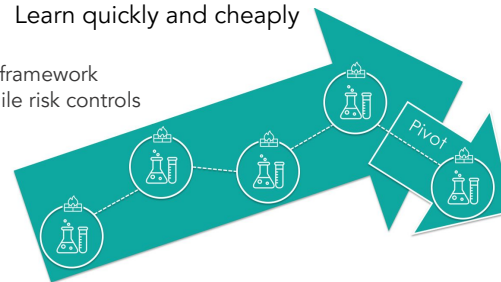
Responsive

Data-driven iterations

Experiments

Learn quickly and cheaply

Test and Learn framework
 bounded by agile risk controls





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